

# INDIAN TARIFF BOARD

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## Match Industry

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### Volume II

**The Written and Oral evidence given by  
the Indian Match Manufacturers in the  
Bombay Presidency.**



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GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

*Simla, the 2nd October 1926.*

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RESOLUTION.

TARIFFS.

The present rate of duty on matches imported from abroad is Re. 1-8-0 per gross, which represents a duty of more than 100 per cent. *ad valorem*. The duty was raised to the above figure purely as a revenue measure, and the Government of India have consistently rejected requests from manufacturers in India that the duty should be declared a protective duty. Nevertheless, a high revenue duty naturally has a protective effect, and since 1922, when the present duty was imposed, numerous match factories have been established in India, some of them using indigenous woods, and others wood imported in the log from abroad. Concurrently, there has been a progressive decline in the customs revenue derived from matches. This revenue amounted to Rs. 154 lakhs in 1922-23 and Rs. 138 lakhs in 1923-24, but in 1925-26 it amounted (inclusive of the revenue from splints and veneers) only to Rs. 118 lakhs. As the Indian factories overcome technical difficulties and attain their full production, the decrease in customs revenue is likely to become more serious.

2. In these circumstances, the Government of India consider that the whole position requires investigation, and they have decided to entrust this task to the Tariff Board. The first point for enquiry is whether the three conditions laid down in paragraph 97 of the Report of the Indian Fiscal Commission are satisfied in the case of the match industry in India, and whether the industry should be protected. If the answer to this question is in the affirmative, the Tariff Board will report at what rate the import duty should be fixed in order to give the industry the protection it requires and whether alternative measures of protection could suitably be adopted. If the answer is in the negative, the Government of India theoretically will be free to lower the import duty on matches in the interests both of the consumer and their own revenue from this source. But the Tariff Board will report to what extent vested interests have been created in India as the result of the present rate of duty, how far those vested interests require consideration and what prospect there is of the match industry in India establishing itself, if the present rate of duty is maintained.

If the Tariff Board decides that consideration must be paid to the industry brought into existence by the present rate of duty and that the duty should be maintained at the present figure, or approximately at the present figure, it will further report whether the loss of customs revenue can be made up in whole or in part by any other appropriate form of taxation of the industry. In this connection, the attention of the Board is drawn to the remarks of the Honourable Commerce Member on the 24th March, 1924, in the Council of State. Generally the Tariff Board will investigate the whole question and make such recommendations as seem germane to the subject.

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ORDER.—Ordered that a copy of the above Resolution be communicated to all local Governments and Administrations, all Departments of the Government of India, the Director General of Commercial Intelligence and Statistics, the Indian Trade Commissioner in London and the Secretary, Tariff Board.

ORDERED also that it be published in the *Gazette of India*.



**Press Communiqué issued by the Tariff Board on the 29th November 1926.**

In the Resolution of the Government of India in the Commerce Department, No. 235-T. (14), dated the 2nd October 1926, the Indian Tariff Board was directed to investigate the question of granting protection to the Match Industry in India.

2. The Board has been instructed to examine the whole position of the industry but its attention has been specially drawn to the following points. Firstly, whether the three conditions laid down in paragraph 97 of the Report of the Indian Fiscal Commission are satisfied in the case of the Match Industry in India, and whether the industry should be protected. Secondly, if the industry satisfies these conditions and is to be protected, the amount of protection required and the methods by which such protection should be given. Thirdly, if the Board finds that the industry does not satisfy the conditions laid down in the Fiscal Commission's Report, whether it is necessary, in view of any vested interests which may have been created as a result of the present revenue duty, to maintain the duty at the present figure or at approximately the present figure; and if so, whether the loss of customs revenue, which is likely to result from the expansion of the industry in India, can be made up in whole or in part by any other appropriate form of taxation of the industry.

3. Any persons or firms who desire to claim protection for the industry in India or who consider that the present rate of duty *qua* revenue duty should be maintained, are requested to submit to the Tariff Board a full statement of the grounds on which they do so. Persons or firms who claim protection should state *inter alia* the grounds on which the industry can be considered to fulfil the conditions laid down by the Fiscal Commission, and whether any protection which may be found necessary should be given by means of protective duties or in any other form. In the case of those who desire that the present rate of duty should be maintained in view of any vested interests which may have been created, the nature and extent of such interests and their grounds for thinking that the match industry has a fair prospect of establishing itself in India, should be fully set forth.

4. All representations (with six spare copies) must be addressed to the Secretary and reach the office of the Board at No. 1, Council House Street, Calcutta, not later than the 31st December, 1926. After their receipt, the Board will, if necessary, issue questionnaires. The representations, the questionnaires and the replies thereto will then be printed and published, and the opinions, in writing, of those who wish to support or oppose the claims made will be invited. The dates for the oral examination of witnesses who wish to appear before the Board for that purpose will be subsequently fixed.

## Questionnaire issued by the Tariff Board on the 7th March, 1927.

### INTRODUCTORY.

1. When was the firm which you represent established? Is it a public or private registered Company, or is it an unregistered firm?

2. To what extent is the capital invested in your firm held by Indians? What is the total number of Directors and how many are Indians? How many Europeans are employed and in what capacities?

3. Does your firm undertake the manufacture of splints and veneers only or of matches and match boxes from splints and veneers made elsewhere, or do you undertake the whole process of manufacture?

4. At what date did the factory under the control of your firm commence to manufacture?

5. What is the full capacity of your factory as at present equipped for the manufacture of matches and boxes?

6. Please give the dimensions of the match boxes manufactured by you and the average number of matches in each?

7. What has been the actual output of your factory for each of the last eight years?

8. Where is your factory situated? Do you consider it is advantageously situated in respect of—

(a) vicinity to the areas from which your principal raw materials are drawn;

(b) vicinity of fuel supply or other sources of power;

(c) vicinity to an important market;

(d) other considerations such as the existence of an abundant labour supply?

What do you consider the most important factor in selecting the site of a match factory in India?

9. (a) It has been stated that Indian manufactured matches are inferior to imported matches? Do you agree with this view? If so, please state in what respects Indian matches fall short of the standard of imported matches?

(b) Is there any prejudice apart from the question of quality against Indian matches either generally or in particular markets?

(c) What difference in price in your opinion represents a fair measurement of the difference in quality or would be sufficient to overcome the prejudice against Indian matches?

### RAW MATERIALS.

#### *Wood.*

10. The principal raw materials for the manufacture of matches and boxes is wood. Have you found it necessary to import wood for the manufacture of—

(a) splints;

(b) veneers;

(c) packing cases?

If so, from what countries do you import and at what prices?

If possible give—(1) F.O.B. price per customary unit (in sterling);

(2) port of importation;

(3) freight, insurance, etc.;

(4) landing charges;

(5) transport charges to factory;

(6) duty.

11. If Indian wood is used, please specify the kinds of wood used in the manufacture of—

- (a) splints;
- (b) veneers;
- (c) packing cases.

NOTE.—Both the botanical and the local names should be given.

12. Have you found Indian wood as satisfactory as imported wood for the manufacture of—

- (a) splints;
- (b) veneers;
- (c) packing cases?

If not, in what respects do you consider it inferior to imported wood?

13. What are your annual requirements of wood—

- (a) according to your present rate of output which should be stated?
- (b) according to the rate of output equivalent to the full capacity of the plant?

14. What quantity of wood is required for the manufacture of one hundred gross of boxes of finished matches?

15. What is the standard size of the packing case used by you? What quantity of wood is required for one packing case and how many gross boxes of matches can be packed in each case?

16. From what area or areas does the factory draw its main supplies of wood and at what distance from the factory are they situated? If possible, a map should be given showing the site of the factory and the areas from which supplies are drawn.

17. By what agency are the required trees felled and by what means are they transported from the forest to the factory?

18. What royalty is paid to Government or private persons for the wood extracted?

19. Please give the cost per 50 cubic feet delivered at the factory for the last four years under the following heads:—

- (1) Royalty.
- (2) Labour employed on extraction.
- (3) Freight to factory.
- (4) Miscellaneous charges.

20. What are the terms of your concession (if any) for the extraction of wood? Do you consider these terms favourable? If not, in what respect do you consider them unfavourable? Please supply a copy of your license or concession.

21. Have you found the supply of wood constant in respect of quality or have you noticed any deterioration? In the later case, please explain the causes of deterioration.

22. Has the supply of wood been found constant in respect of quantity or has it been found necessary to draw supplies from greater and greater distances as time goes on? If so, do you consider the fact due to—

- (a) an increase in the output of the factory;
- (b) the establishment of other match factories which compete for the supplies of the same raw material;
- (c) a gradual diminution of the supplies from the areas from which they are taken;
- (d) any other cause?

23. If it has been found necessary to draw supplies from new areas, please state the total quantity taken from each area for the last four years. If



possible, the cost per 50 cubic feet delivered at the factory of the wood supplied from each area should be given for each year.

24. Do you consider that your factory is assured of a sufficient supply of suitable wood for a reasonably long period? What measures have been taken to secure this object? In particular, have steps been taken to plant trees of a kind suitable for the Match-making industry within a reasonable distance of your factory?

25. Do you receive any special concession in the matter of freight by sea, river or rail for wood required in your factory? Do you consider that you are at any disadvantage in this respect?

*Other raw materials.*

26. What raw materials other than wood are required in your factory and what is the total requirement of each in one year?

27. What quantity of each of these materials is required per 100 gross of boxes of matches?

28. Which of these materials are—

A.—Imported from abroad.

B.—Manufactured and purchased in India.

C.—Manufactured by you from other materials?

In case A, please give—

- (a) country of origin,
- (b) f.o.b. price (in sterling),
- (c) port of importation,
- (d) freight, insurance, etc.,
- (e) landing charges,
- (f) transport charges to the factory, and
- (g) customs duty.

In case B, please give—

- (a) market price, and
- (b) transport and other charges,

and state where and by whom the materials are manufactured.

In case C, give particulars asked for under A or B for the materials purchased and the cost of manufacture by you according to the customary unit of production.

29. Which of the materials mentioned in the answer to question No. 26, if not already manufactured in India are—

- (a) likely to be manufactured,
- (b) not likely to be manufactured.

Please give reasons for your reply.

**LABOUR.**

30. Is there any difficulty in securing sufficient labour for the extraction?

31. To what extent is the employment of skilled labour imported from abroad, necessary?

32. What number of imported labourers do you employ and what is their pay?

33. What progress has been made since the factory was established in the substitution of Indian for imported labour? What facilities are given to Indian workmen to acquire training in skilled work?

34. What is the total number of Indian workmen employed; how many of them are women and children; and what are the average rates of wages of the different classes?

35. Is the Indian labour drawn from the vicinity of the factory or from other parts of India?

36. Has it been found that the Indian labourer improves with training? Have you any record of output in your various departments which would indicate such improvements?

37. What arrangements have been made for housing your labour and for promoting its welfare in other directions?

#### POWER.

38. Is the power used in the factory derived from electricity or steam, or from some other source?

39. If electric power is used, from what source is it obtained and what is the cost per unit? How does the cost compare with the rates obtained elsewhere in India and in other countries?

40. If steam power is used, is coal the fuel employed? If not, what is the fuel? Is the latter available in sufficient quantities?

41. What is the total quantity of fuel required per unit of output whether for power production or for the other purposes?

If you purchase electric current from an outside supply, please give also the number of units required per unit of output in addition to the fuel used.

42. From what distance is the fuel brought, and what is the free-on-truck price in the case of coal, and in the case of other fuel at the source of supply? And what is the cost of transport per ton in each case? If fuel is purchased locally, what is the price per ton delivered at the factory?

43. If your fuel is wood, are you able to meet the whole of your requirements from waste wood in your factory? If not, have you obtained any concession from the Government or other person? What is the royalty payable, and what are the conditions of the concessions? (Supply a copy of your concession.)

#### MARKET.

44. If possible give an estimate of the total Indian demand for matches.

45. Is the demand likely to increase substantially in the near future? If your answer is in the affirmative, please state your reasons.

46. In what parts of India are your principal markets situated and what are the distances which separate them from the factory?

47. Are there any markets in India in which owing to their distance from the ports, you are more easily able to compete against the foreign manufacture? If so, please state which these markets are and the approximate demand in each?

48. (a) To what extent is the market served by imported matches distinct from that served by matches manufactured in India?

(b) Have you any reason to suppose that there is any illicit importation of matches into India?

#### COMPETITION.

49. Which are the foreign countries from which competition in the Indian markets is keenest?

50. With the existing duty do imported matches compete with Indian matches manufactured from indigenous woods or only with Indian matches manufactured from imported woods?

51. Please state—

(1) the price at which imported matches entered the country and had been sold during each of the years 1918-22 and 1922-26;

(2) the prices realized in the same years for your matches made from Indian wood;

- (3) the prices realized for Indian matches manufactured from imported wood;

If possible the f.o.b. price in sterling of imported matches should be given and the following items shown separately :—

- (1) Freight;
- (2) insurance and trade charges;
- (3) customs duty;
- (4) landing charges.

If this is not possible, then state the c.i.f. price *plus* customs duty and landing charges.

52. From what sources is information obtainable as to the prices at which imported matches enter the country?

53. Have you any reason to suppose that prices at which foreign producers sell for export to India (a) unremunerative or (b) leave only a small margin of profit to the producer, or (c) are exported at a price below the lowest price current in the home market? If so, please state fully your reasons and the evidence on which you rely.

54. Do you consider that as compared with the foreign manufacturer the Indian manufacturer is at a disadvantage in all or any of the following points :—

- (a) cost of plant and machinery;
- (b) cost of expert labour;
- (c) cost of efficiency of ordinary labour;
- (d) the collection and transport of raw materials;
- (e) cost of stores;
- (f) freights on finished goods;
- (g) maintenance of stocks of spare parts or of wood;
- (h) customs duty on imported materials;
- (i) the raising of capital?

55. Which of the disadvantages mentioned in your answer to question No. 54 do you regard as permanent and which as temporary? For what period in your opinion are the temporary disadvantages likely to operate?

#### EQUIPMENT.

56. Do you consider that your mill is sufficiently large as an economic unit of production to ensure economy? What in your opinion is the smallest unit of production which can be operated economically under present day conditions.

57. What percentage of your total capital outlay has been incurred on plant and machinery?

58. (a) Give a brief description of your plant and machinery, stating the number and makes of the principal machines operated, and the dates on which they were first brought into use.

(b) If your machinery has been purchased under any special arrangements with foreign manufacturers, please state in detail what these arrangements are?

59. (a) Do you consider your machinery and other equipment sufficiently up-to-date and efficient to enable you to compete successfully against the foreign manufacturer?

(b) What are the chief processes in the manufacture of matches and match boxes which are carried out by manual labour in your factory? Please give, if possible, an estimate of the relative cost of carrying out these processes by hand and by machinery under present conditions?

60. Do you contemplate either :—

- (a) any important replacement of the existing plant in your mill, and
- (b) any extension of the plant by the addition of new machinery?

If so, please give particulars?

61. What parts of the machinery, if any, are made in India?

#### CAPITAL ACCOUNT.

62. What is the block value of your property as stood in your books at the end of the last complete year for which figures are available, under the following heads :—

- (a) Leases and concessions;
- (b) Lands;
- (c) Buildings;
- (d) Plant and machinery;
- (e) Other miscellaneous assets?

63. Do the figures given in answer to question No. 62 represent the actual cost of the various assets, or their value after depreciation has been written off? In the latter case, please state the total amount written off for depreciation since manufacture commenced, and in the former case the total of the depreciation fund (if any) which has been accumulated.

64. Apart from any question of an increase in the replacement cost of plant and machinery due to a general rise in the price level, are the sums actually set aside for depreciation since manufacture commenced equal to, greater than, or less than, the sums which ought to have been set aside according to the rates of depreciation which you consider suitable?

65. What do you estimate would be the present-day cost under the heads (a) buildings and (b) plant and machinery, of erecting a factory having the same output as your present factory? How does the figure compare with the block value of your present factory under the same heads, and would the operating cost of a new factory established now be greater or smaller than yours?

66. Give brief particulars of the sums spent on the purchase of plant and machinery in each of the years 1917 to 1926, and the rate of exchange at which funds were remitted.

67. What is the total (a) authorized, (b) subscribed, (c) paid-up, capital of the Company? How is it divided between Preference, Ordinary and Deferred shares?

68. At what rate of interest is the dividend payable on the Preference shares? Are these shares entitled to cumulative dividends? If so, state the dates on which they were first entitled to rank for dividends and whether any dividends are in arrears?

69. Under what conditions do the Deferred shares participate in the profits of the Company?

70. Please prepare a statement showing for each year since the establishment of the Company :—

- (a) the amount of the paid-up share capital (Preference, Ordinary and Deferred) ranking for dividend;
- (b) the actual amounts distributed as dividends on each class of capital, and
- (c) the percentage on the paid-up share capital of each class which the dividend represented.

71. What is the average rate of dividend on the Ordinary shares for the full period?

72. What is the amount of the debenture loans (if any) raised by the Company? At what dates were they issued, and what is the rate of interest payable? If any period has been fixed for the redemption of the debenture

loan, it should be stated. Similarly, if a debenture sinking fund has been established, the annual rate of contribution should be given.

73. What is the amount of the Reserve Fund (if any) created by the Company? Has this amount been accumulated from surplus profits, or from other sources, *e.g.*, by the issue of shares at a premium?

74. What additional capital (if any) would it be necessary to raise in order to carry out any scheme of replacement or extension of plant which the Company contemplate?

#### WORKS COST.

75. Please fill up the two forms annexed to the questionnaire regarding works costs?

**NOTE.**—The Board are anxious to have as full information as possible regarding the cost of production, but they recognise the difficulty which manufacturers may feel in disclosing to the public the details of their practice and their works costs. Great stress was laid on the importance of publicity in paragraph 303 of the Fiscal Commission's Report, and the Board also have explained the views they hold in paragraph 41 of their Third Report on the Grant of Protection to the Steel Industry. It rests with the manufacturers themselves to decide what information can be given publicly, and nothing will be published which the witness desires to be treated as confidential. At the same time, the Board cannot base their recommendations merely on confidential information. The publication of the details of the works costs of each firm may not be essential because the Board may be able by comparison of the various figures submitted to arrive at a standard or average figure for each item. But it is very desirable that the total of the works costs should be disclosed in all cases.

76. Was the works cost increased in any of the years for which figures have been given owing to the fact that the factory was working at less than its full capacity? If so, which were the items principally affected? To what extent would they probably have been reduced if a full output had been obtained?

77. Have you adopted a system of cost accounting? If so, will you place before the Board, for examination and return, your cost sheets for the last complete year for which they have been prepared?

78. Are you in a position to furnish the Board with information as to the works cost of matches in any competing country for any year since the war?

#### OVERHEAD CHARGES.

##### (i) *Depreciation.*

79. What are the rates of depreciation allowed by the Income-tax authorities? Do you consider that, in calculating the cost of production of matches, these rates of depreciation are suitable? If not, what rates do you suggest, and why?

80. What is the sum required annually for depreciation at Income-tax rates on the total block account—

- (a) if the assets are valued at cost,
- (b) if the assets are taken at their value after deducting all depreciation written off up-to-date?

##### (ii) *Working Capital.*

81. What is the working capital which the Company requires—

- (i) according to its present out-put;
- (ii) according to the output equivalent to its full capacity?

82. Is the Company able to provide all the working capital it requires from share and debenture capital, or is it necessary to borrow additional capital for this purpose?

83. If additional working capital has to be borrowed, what is the amount borrowed and the rate of interest payable?

84. Compare the working capital with the cost of one month's output (works cost only, excluding overhead charges).

85. What is the average value of the stocks of finished goods held by the Company? What period normally elapses between production and payment?

86. Do the Company find it necessary to hold large stocks of coal or raw materials? If so, the average value of the stocks held should be stated.

(iii) *Agents' Commission and Head Office Expenses.*

87. Has the Company a head office other than the office of the local management? Is it under the control of a firm of Managing Agents?

88. If the answer to (a) is in the affirmative, state—

(i) the annual amount of the head office expenses,

(ii) the Agents' Commission.

89. How is the amount of the Agent's commission determined?

90. What is the amount of—

(i) Head office expenses,

(ii) Agent's commission,

per gross of finished matches according to—

(i) the present output;

(ii) the output equivalent to the full capacity of the plant?

**MANUFACTURER'S PROFITS.**

91. What rate of dividend do you consider a fair return on ordinary and deferred shares?

92. If your Company contemplated the establishment of a new match factory, or the purchase of new machinery for the existing factory—whether by way of extension or replacement—what rates of interest do you consider it would be necessary to offer on (a) Preference shares and (b) Debentures in order to attract capital, assuming that the profits made in the industry showed a substantial margin after providing the interest on the existing shares or debentures?

93. If it were decided to issue ordinary shares, what do you consider would be minimum probable return which would be likely to attract investors?

**CLAIM FOR PROTECTION.**

94. In paragraph 97 of their Report, the Fiscal Commission laid down three conditions which in ordinary cases ought to be satisfied by industries claiming protection. Do you consider that these conditions are satisfied in the case of the Match Industry? And in particular:—

A.—Do you claim that the industry possesses natural advantages, such as an abundant supply of raw materials, cheap power, a sufficient supply of labour or a large home market?

B.—Do you claim that, without the help of protection, the industry is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interests of the country?

C.—Do you claim that the industry will eventually be able to face world competition without protection?

These conditions have been approved by the Government of India and by the Legislative Assembly, and it is therefore of great importance to ascertain whether they are satisfied. If you consider that the Match Industry fulfills these conditions the reasons for your opinion should be fully explained.

95. Do you claim that the Match Industry satisfied either or both of the conditions mentioned in paragraph 98 of the Fiscal Commission's Report, viz. :—

- (a) That the industry is one in which the advantages of large scale production can be achieved, and that increasing output would mean increasing economy of production.
- (b) That it is probable that in course of time the whole needs of the country could be supplied by the home production.

96. Do you consider that there are any features of the industry which make it peculiarly suitable to Indian economic conditions?

97. What is the amount of protection the industry receives at present owing to—

- (a) the existing Customs duties,
- (b) transport charges between the country of production and the port of entry, i.e., freight, insurance, trade charges and landing charges?

98. What is the amount of the protection which you consider necessary?

NOTE.—The reasons for proposing the particular rate recommended should be explained.

99. Do you recommend any form of assistance other than a protective duty? If so, your reasons should be stated.

FORM I.—Statement showing total expenditure on the production of Matches during the last four years.

(See question 75.)

	1922-23.	1923-24.	1924-25.	1925-26.
1. Cost of wood for splints and veneers.				
2. Cost of paper . . . .				
3. Cost of chemicals . . .				
4. Cost of other raw materials				
5. Factory labour . . . .				
6. Power and fuel . . . .				
7. Ordinary current repairs and maintenance of buildings, plant and machinery.				
8. General services, supervision and local office charges.				
9. Miscellaneous, e.g., rent, municipal taxes, insurance, etc.				
10. Cost of packing cases .				
Total .				
Total production of Matches for the year.				

## FORM II.—Statement showing works cost per gross of Matches.

(See question 75.)

	1922-23.	1923-24.	1924-25.	1925-26.
1. Cost of wood for splints and veneers.				
2. Cost of paper for labels and wrapper.				
3. Cost of chemicals				
4. Cost of other raw materials				
5. Factory labour				
6. Power and fuel				
7. Ordinary current repairs and maintenance of buildings, plant and machinery.				
8. General services, supervision and local office charges.				
9. Miscellaneous, e.g., rent, municipal taxes, Insurance, etc.				
10. Cost of packing cases				
Total				
Credit for materials recovered (if any).				
Net Total				
Total production of Matches for the year.				



## Bombay Match Works, Bombay.

*Letter dated 31st March 1927.*

We have the pleasure to enclose herewith our answers to the questionnaire and believe the same will be found in order.

### *Answers to Questionnaire.*

1. The firm was established in 1923. It is a private unregistered concern.
2. The entire capital is Indian. There are no directors. No Europeans are employed.
3. We manufacture splints, veneers and the finished matches totally.
4. End of November 1923. ...
5. 5,000 gross match boxes daily.
6. We manufacture half and full size matches.

7. 1923 (last month only).	1924.	1925	1926
26,900 gross.	5,99,700 gross.	6,60,000 gross.	8,43,800 gross.

8. The factory is situated at Kurla about ten miles run by railway from Victoria Terminus.

- (a) Yes.
- (b) Yes.
- (c) Yes.
- (d) Yes.

We consider that place a suitable site for a match factory where all the above-mentioned four conditions are synthetically fulfilled.

9. (a) Indian matches are not inferior to foreign made, but as foreign goods have imported in India since a long time, there has been an impression on the minds of Indian consumers that foreign matches are superior.

(b) As mentioned above the foreign brands are current here and hence it will take some time before Indian consumers realise that there is no difference. The same prejudice is against those foreign brands which are not introduced here but not to the extent as against Indian goods.

(c) We consider 1½ pie per box a fair measure for overcoming this prejudice.

10. (a) Yes.
- (b) Yes, but now we are using Indian wood as well.
- (c) No.

We import wood from Japan and Poland.

The rates for Japanese wood are Yen 2'05 per c.ft. c.i.f. imported in Bombay.

The landing charges are Rs. 2-10-0 per ton.

Duty is 15 per cent.

The rates of wood from Poland are Rs. 48 per ton c.i.f. all other charges are same.

11. (a) Indian Name.
- Salai.
- Ambo.
- Gugal.
- Mohine.
- Kakad.

Botanical name.  
Boswellia Serrata.

- (b) Sawar.

Bombax malabaricum

- (c) Old planks.
- Sawar planks.

Ditto

12. (a) The specimen wood that we have tried have so far been found not satisfactory in respect of colour and finish although there is nothing against the utility. We are confident if proper research is made under the guidance of experts certain specimen as good as imported wood can be found. There are certain specimen in the north of India such as poplar and fir which can be used as substitutes for foreign wood.

(b) Yes.

(c) Yes.

13. (a) 1,12,000 c.ft. Indian wood.

(b) 2,18,000 c.ft. Indian wood.

14.  $10\frac{1}{2}$  c.ft.

1,550 gross boxes.

$32 \times 23 \times 21\frac{1}{2}$ .

100 gross boxes.

$35 \times 29 \times 31$ .

These are external measurements and the thickness is  $\frac{5}{8}$ " of all planks. We do not buy separate wood for packing cases.

16. From Borivali 20 miles away.

From Godhra 250 miles away.

From Janjira 50 miles away.

17. We buy *ex-factory* from contractors.

18. We do not pay any direct royalty to Government.

19. We buy *ex-factory* at Rs. 40 per ton of 50 c.ft.

20. We do not get any concession from Government, but we desire that some concessions be given to us in the shape of forest acquisition by royalty at minimum rates.

21. The supply of wood is not constant in quality as the wood growing in the plains is more suitable than that growing in hills.

22. The supply of wood is abundant.

(a) No.

(b) Yes the factory at Ambernath is competing to buy wood from nearer areas.

(c) No.

(d) No.

23. No.

24. Yes.

25. We get only fire wood rates but we desire that more concessions be given to us as we think by getting our supplies from Northern India for splints and this is not possible unless we get more concessions in railway freight. As at present the rates are too high for us to permit us from getting suitable wood from greater distances.

26. Paper, chemicals, paraffin wax.

They are used as under—

	Tons.
Paper . . . . .	80
Chemicals . . . . .	82
Paraffin . . . . .	42
27. 1. Chlorate of Potash . . . . .	9½ lbs.
2. Phosphorous Amorphous . . . . .	1 „
3. Glue . . . . .	2½ „
4. Salisilic powder . . . . .	2 „
5. Manganese Oxide . . . . .	1 „
3. Zinc white . . . . .	3 oz.
7. Red lead . . . . .	3 „
3. Red Ochre . . . . .	½ lb.

9. Sulphur powder . . . . .	½ lb.
10. Bichromate of Potash . . . . .	1½ oz
11. Rosin . . . . .	¼ lb.
12. Antimony Sulphide . . . . .	9 oz
13. Glass powder . . . . .	3 „
14. Carbon black . . . . .	1½ „
15. Paraffin wax . . . . .	10 lbs.
16. Paper . . . . .	18 „
17. Carboniser . . . . .	3 „
18. Labels . . . . .	15,000 small, 1,250 dozen labels, 210½ gross labels.

28. A. All are imported from abroad.

B. Nothing is manufactured in India but paraffin wax is locally purchased from Burma Oil Company Limited.

C. Nil.

(a) Out of the articles mentioned in 1927 numbers 1, 2 and 16 are of German, Norwegian and Swedish make respectively. Nos. 10, 11 and 15 are purchased in Bombay and the rest are all of Japan origin

(b) Prices are as under:—

- (1) £28-10-0 per ton c.i.f. Bombay.
- (2) £210 per ton c.i.f. Bombay.
- (3) Yen 32 per 50 kilos f.o.b. Kobe.
- (4) Yen 21-20 per 200 lbs. f.o.b. Kobe.
- (5) Yen 7 per 100 catties f.o.b. Kobe.
- (6) Yen 0-20 per lb. f.o.b. Kobe.
- (7) Yen 31 per 120 kins f.o.b. Kobe.
- (8) Yen 32 per 14 kwan f.o.b. Kobe.
- (9) Yen 8-50 per 100 kins f.o.b. Kobe.
- (10) Re. 0-5-0 per lb. free Bombay godown.
- (11) Re. 0-2-0 per lb.
- (12) Yen 28-50 per 100 catties f.o.b. Kobe.
- (13) Yen 3-50 per 100 kins.
- (14) Yen 0-39 per lb.
- (15) Re. 0-3-5 per lb. free Bombay godown.
- (16) £25 to £28 per ton c.i.f. Bombay.
- (17) Yen 36 per 24 kwan f.o.b. Kobe.
- (18) Small box labels 2d. to 4½d. from Sweden. Dozen labels sh. 1 to sh. 1-6 from Sweden. ½ gross labels sh. 2-4 to sh. 4-8.

(c) Bombay.

(d) Freight, etc., on chemicals Yen 22-20 per ton and insurance sen 30 per 100 yen.

(e) Rs. 3 per ton.

(f) Rs. 7 per ton.

(g) 15 per cent.

29. (a) All of them can be made if proper facilities are given.

(b) Nil.

30. No.

31. Very little, about .005.

32. Three and their pay is Rs. 800 per month collectively.

33. We have done away with one mechanic from abroad and hope to do away with two others in due course. We give all facilities to Indians to acquire knowledge of working various machines.

34. We employ total 600 workmen out of which 400 are women and children.

35. From vicinity.

36. Indian labour improves with training. We have records of this.

37. There is no necessity for this as we are employing all local labour. As for foreigners we have to provide quarters. We are promoting healthy conditions and children welfare.

38. We use crude oil engines.

39. No electric power is supplied to us although the Andhra Valley Power Supply line is near us. The Company is asking exorbitant charges for conveying the line to our factory and that too if we take a very high power which we do not require.

40. We do not use steam as power.

41. One-third gallon crude oil per one case of 100 gross.

42. Crude oil is bought from Bombay and transport charges are Rs. 2-8-0 per 100 gallons. Cost in Bombay is Rs. 80 per ton.

43. We do not use wood.

44. This can be well gathered from Sea Customs statistics.

45. Matches are a necessity of life and demand can increase only by increase of population.

46. We are supplying matches in the south till Mysore, north till Gujrat and Kathiawar and in the Central India till Nagpur.

47. We are ourselves situated near the port.

48. (a) Market for imported and Indian matches is not distinct. Indian matches have captured most of the markets.

(b) Yes, foreign matches imported in Native States are being sold at a cheaper rate near Bombay than those imported in Bombay.

49. Sweden and their local factory.

50. Foreign matches imported under the present duty cannot compete keenly with Indian matches but still this import cannot cease until consumers get accustomed to Indian matches.

51. 1918-22 only Japanese half size matches came to India and at the rate of Yen 130 to Yen 80 per case of 100 gross and were assessed at the then existing duty. We cannot say at what rate they were sold.

Since 1922 to 1926 Swedish matches are sold *ex-godown* by the Swedish Syndicate at Rs. 2-13-0 to Rs. 2-3-0 per gross. Our goods were sold at Rs. 2-1-0 to Re. 1-5-0 per gross 1923-26.

53. (a) Foreigners in order to keep their labels current in India offer to sell the goods at a loss inasmuch as they have various other markets where there is competition of prohibitive duty and where they can make profit to compensate for the loss made here—also to drive away Japan from the market which they have practically succeeded in doing.

(b) We suppose there is no margin for foreigners.

(c) We have reasons to believe that they cannot produce matches at such a low rate and hence they are sending at a lower rate than what they are selling in their home market.

54. (a) Not till now, but we apprehend the Swedish Syndicate will raise difficulties in our way.

(b) No.

(c) No.

(d) Yes, very high rates of transportation.

(e) No.

(f) Yes.

(g) Yes for foreign wood

(h) Yes, we have to pay duty of 15 per cent. on all the imported materials which the foreigners have not to pay as they are getting all these materials in their country.

(i) No.

55. The disadvantages are such as can be remedied.

56. Yes. The smallest factory can be of 500 gross daily production.

57. 50 per cent.

58. (a) Our box-making machines are German and Swedish but the Swedish Syndicate has controlled both these factories so we have now to buy from other makers. Our peeling and chopping machines are Japanese and German and we find Japanese more adaptable to Indian labour. Our frame-filling and other machines are Japanese and we find it quite suitable. The machinery was bought year by year quite new and was brought into use as soon as received.

(b) We have no special arrangement with any machinery maker although some makers are offering the same we understand.

59. (a) No. Unless and until we know our real position that this industry will be properly supported and protected against unnatural competition of foreigners we cannot invest more sums in machinery. The policy of the foreigners is to dump the market and to ruin the Indian factories as they have done in other countries. We have therefore not put in all the up-to-date machinery as every year there is another fear of duty being decreased and unless this is assured it is not possible for us to invest more money in machinery.

(b) Packing and box-filling by manual labour, even some of the boxes are made by manual labour. If all this work was done by machinery there would be surely a decrease of about 4 annas per gross in cost.

60. (a) If our position is certain we can make all economic changes.

(b) We do not intend to extend the factory at present but we may do so if our position is certain but not until we have made the present output in the most economic way.

61. Some parts of machinery which are not available from foreign country immediately and without which we cannot pull on we generally make in India.

62. Building Rs. 1,00,000, Machinery Rs. 1,38,000 and other assets Rs. 2,30,000.

63. Above figures show the value after the depreciation has been written off. Depreciation has been written off as under—

	Rs.
Building . . . . .	26,000
Machinery . . . . .	34,000
	<hr/>
	60,000

64. All the depreciation that has been written off is sufficient.

65. Our valuation on machinery and plant is actual and reasonable.

	1923.	1924.	1925.	1926.
	Rs.	Rs.	Rs.	Rs.
66. Building . . . . .	12,550	76,800	19,500	17,600
Machinery . . . . .	47,700	23,650	55,300	5,100

67. Ours is not a limited liability concern.
68. There is no fixed dividend.
69. No deferred shares.
70. We have got no shares.
71. There are no shares.
72. There are no debentures.
73. There is no reserve fund.
74. About Rs. 1,50,000.
75. ———
76. No.
77. No.
78. No.
79. 10 per cent. on machinery.  
1½ per cent. on building.
80. (a) Rs. 19,000.  
(b) Rs. 15,200.
81. (i) Rs. 2,30,000.  
(ii) Rs. 3,00,000.
82. Yes.
83. None.
84. Working capital Rs. 2,30,000; cost of one month's output is Rs. 97,000.
85. The value of finished stock is about Rs. 50,000 and the money is returned after about a month of production.
86. Yes of wood.
87. Company has no head office but it has managing agents.
88. Agents commission is 1½ to 2 annas per gross.
89. After sale.
90. (i) There is no head office.  
(ii) 1½ to 2 annas per gross, the commission is constant irrespective of output.
91. We have no shares.
92. We do not contemplate any establishment of a limited company but our answer to this question will be explicit from what follows.
93. Owing to the imminence of Swedish competition and the uncertain position of the present duty the investors would not easily be induced to put in any capital unless some very high rates of interest is promised and that too on very sound guarantee. We understand the Swedish Match Company which is a very sound concern promised to British public guaranteed return of 8 per cent. before they floated a small portion of the shares in the London market in order to show that the new company which is established in India is a British concern. Therefore it would be necessary to show on a very sound guaranteed fixed return of high interest to the subscribing public before they can be induced to take up shares.
94. (a) Yes.  
(b) Yes.  
(c) Yes.
95. (a) Yes.  
(b) Yes.
96. Yes. The industry can be very well cultivated in India owing to cheap labour and owing to abundant supply of wood which is quite useless for any other purpose except for making matches.
97. (a) Although in the present circumstances there is an apparent protection of Rs. 1-8-0 per gross but portion of this is being wiped off by the

high prices of chemical which the Swedish Syndicate is controlling and also the 15 per cent duty that is to be paid by us on these high prices whereas the foreigners have not to pay this duty over these high prices.

(b) The protection by way of transportation of finished goods is very little owing to our inability to produce all raw materials and as duty must be paid on everything imported.

98. We consider that a protection of Rs. 1-8-0 be given to us on foreign goods and a protection of 8 annas on the goods made by the West India Match Manufacturing Company as their policy is to crush the Indian trade and monopolize the market. All we require transport facility.

99. We also crave the favour of putting a stoppage to the foreign goods landed in Native States ports and imported into British India or in the alternative the Government may determine the needs of the Native States and allow them to import only the needed quantity as we have strong reasons to believe that foreign matches are allowed to land in Native States and a rebate in duty is allowed to importers as an inducement. These goods are coming into British India and are sold even at a lower rate near Bombay than the goods imported in Bombay. Further, some Native States have levied prohibitive duty on goods imported in their territory from British India. This is to discourage the Indian industry and encourage their object to import foreign goods so that their revenue may be enhanced as they charge a duty on foreign goods. We believe by this system of private rebate in duty and charging of duty on goods from British India the effect of protective duty is lost. If goods from British India are charged such exorbitant duty in Native States the goods from Native States should be charged similar duty when imported into British India.

### Supplementary Statements.

(a) Letter, dated the 11th November 1927.

With reference to your letter No. 829, dated 31st ultimo, addressed to the President, Indian Match Manufacturers' Association, we have to give below the following statements regarding our works:—

1. Our total outlay is Rs. 7,50,000.
2. We are turning out daily 4,500 gross match boxes.
3. We produced as under during the following years:—

	Gross.
1923, last month . . . . .	26,900
1924 . . . . .	5,99,700
1925 . . . . .	6,60,100
1926 . . . . .	8,43,800
1927, till October 31st . . . . .	8,80,200
	<u>30,10,700</u>

(b) Statements handed on the 3rd December 1927.

If matches are made from Indian wood and Indian splints and if boxes are made by machinery, there is a heavy wastage and our cost comes to about annas 14 and if made by hand our cost comes to annas 15-6 per gross.

No. 1.—*Statement of capital invested.*

Rs. 7,50,000 invested.

Details—

	Rs.
Machinery . . . . .	1,65,264
Building . . . . .	1,10,497
Raw materials and stock (Chemicals, wood, machinery parts, paper) . . . . .	3,25,000
Credit . . . . .	1,50,000
<b>TOTAL</b> . . . . .	<b>7,50,701</b>

No. 2.—*Statement of boxes made by machinery.*

24 cases inner and outer boxes were made by machinery, rest by hand. If worked on double shift till 2-30 A.M., further 12 cases box can be made by machinery.

No. 3.—*Splints in matches.*

Full size—70 to 75 splints  
Half size—55 to 60 splints

No. 4.—*Cost of aspen wood*

Yen 170 per cubic foot equal to Yen 85.00 per ton of 50 cubic feet at exchange Rs. 125-8-0 per Yen 100, Rs. 106-10-0.

	Rs. A. P.
Therefore, cost c.i.f. . . . .	106 10 10
Plus 15 per cent. duty . . . . .	16 0 0
Transport charges . . . . .	9 0 0
Landing charges . . . . .	2 8 0
Custom pass, etc. . . . .	1 0 0
<b>TOTAL</b> . . . . .	<b>135 2 10</b>

No. 5.—*Prices at which the goods are sold.*

Safety first quality—Re. 1-4-0 to Re. 1-5-0 per gross.  
Sulphur half size—Re. 1-9-0 to Re. 1-10-0 per gross.  
Sulphur full size—Rs. 2-3-6 to Rs. 2-4-0 per gross.

## No. 6.

Total workmen now 800 women and 400 men

Contract work for boxes made outside, average 100 men per day.

No. 7.—*Statement of wages at all stages.*

1. Circular saw, about 5 men, daily wages Re. 1-8-0.
2. Peeling sticks, 2 men on each machine; total 4 machines, daily wages Re. 1-8-0.
3. Chopping sticks, 3 machines, two men on each machine, daily wages Re. 1-8-0.
4. 50 workmen for adjusting list of splints, piece work.
5. Peeling wood for boxes, 8 machines, 24 persons, daily wages Re. 1-8-0.



6. Veener cutting, about 10 persons, daily wages Re. 1-8-0.
7. Lining, 5 machines, 2 adults on each, Re. 1 daily wages.
8. Box making department, piece work.
9. Frame filling machine, 2 persons on each machine, daily wages Re. 1-4-0.
10. Paraffining, Re. 1-8-0 daily wages.
11. Dipping, 3 machines, about 7 persons, each Re. 1-8-0 daily wages.
12. Loosening, piece work.
13. Labelling, piece work.
14. Box filling, piece work.
15. Packing for cases, daily wages Re. 1-8-0 for dozen and half gross, piece work.
16. Mixing chemicals, daily wages Re. 1-8-0.
17. Bark removing, daily wages.
18. Grinding knives, daily wages.
19. Phosphorous coating, piece work.

No. 8.—*Statement of markets.*

SAFETY.

- 50 per cent. Kathiawar, such as Bhavnagar, Dhoraji, Batwa, etc.  
 50 per cent. Jhansi, Gwalior, Rajnangham, Dingharghad, Hubli, Nasik, etc.

SULPHUR.

Khandesh District.

Barad District.

Bijapur District.

Punjab (Red dip, half size)—

Amritsar, Jullundur City, Jagrava, Ludhiana, Lyallpur, Dhuri,  
 Mugotasil, Maler-Kotla, Jetur, Hisarbhanji.

Southern Marhatta Railway.

Nagpur, Katol, Atwari.

Gujarat—

Broach, Ankleshwar, Dabhoi, Viramgam, Pardi, Dholka, Padra,  
 Jamboosar.

No. 9.—*Current labels.*

SAFETY MATCHES CURRENT LABELS.

(1) Aspen wood boxes and splints—

Pen brand.

Smoker, two kinds.

Machine brand.

Sarojini Naidu.

Maharaja of Indore.

Fez.

The Mali.

(2) Indian box and aspen splints—

Same labels.

- (3) Indian wood boxes and Indian wood splints—  
 Mahatma.  
 Charkha Lady.
- (4) Sulphur matches full size brown dips current labels—  
 Shah Jan.  
 Kemal Pasha.  
 Sicka brand.  
 Double Nilgai.  
 Double Ace.
- (5) Sulphur matches red dips current labels—  
 Shah Jan.  
 Double Nilgai.
- (6)  $\frac{3}{4}$  size sulphur matches only small quantity produced current labels—  
 Double Nilgai.
- (7) Sulphur matches  $\frac{1}{2}$  size brown dips current labels—  
 Kemal Pasha.  
 Shah Jan.  
 Double Nilgai.  
 Double Ace.  
 Sword.  
 Moon and Sun.  
 Sicka brand.
- (8) Sulphur matches  $\frac{1}{2}$  size black dips—  
 Nine Stars.  
 Pen.
- (9) Sulphur matches  $\frac{1}{2}$  size red dips current labels—  
 Double Ace.  
 Double Nilgai.  
 Sword.  
 Bull-dog.

No. 10.—*List of stock at the end of 25th October 1927.*

	Gross.
Safety $\frac{1}{2}$ size . . . . .	8,450
Safety full size . . . . .	650
Sulphur $\frac{1}{2}$ size . . . . .	40,800
Sulphur $\frac{1}{4}$ size . . . . .	150
Sulphur full size . . . . .	10,800

No. 11.—*Copy of letter dated 18th September 1927, from Messrs. Y. Nakamura & Co., Kobe, Japan, to the Bombay Match Works, Bombay.*

Since the report of the amalgamation of Messrs. Toyo Match Company and the Swedish parties there was an inaugural meeting held on the 12th September 1927 at Mr. Takigawa's office, and it has been decided then to

appoint the following gentlemen to the respective post and to register same as follows:—

THE DAIDO MATCH CO.

President . . . . .	Mr. Gisaku Takigawa (former President of the Toyo Match Company).
Vice-President . . . . .	Mr. H. S. Pedley (present Manager of the Swedish concern in Japan).
Acting Managing Director . . . . .	Mr. Saburo Chihara (Japanese representative of Swedish concern).
Managing Directors . . . . .	Mr. Jiuzo Inouye (President of Kowekisha Match Co., and former proprietor of this factory).
	Mr. Saburo Naoki (son of Mr. Masanosuke Naoki, former President of Nippon Match Co.).
	Mr. Baizo Furukawa (Director of Toyo Match Co.).
	Mr. Kusakuma Tsuchiya (Director of Toyo Match Co.).
	Mr. Seiichi Takigawa (relative of Mr. G. Takigawa).
Chief Auditor . . . . .	Mr. Norishige Inouye (a man from the Swedish party).
Auditors . . . . .	Mr. Iwajiro Sudzuki (eldest son of Sudzuki Yone of Sudzuki & Co., and former Director of Toyo Match Co.)
	Mr. Setsudzo Takigawa (relative of Mr. Takigawa).
	Mr. Michio Katch (a man of Swedish party).
Advisers . . . . .	Mr. Masanosuke Naoki (former President of Nippon Match Company).
	Mr. Fusajiro Kashima (former Major of Kobe and present Trustee of Kawasaki).
Councillor . . . . .	Mr. Junpachi Gotoh (former Manager of Nippon Match Co.)

Thus of the 12 persons of important post, 6 are of Toyo Match, 4 of Swedish party, 1 Kowekisha, 1 Nippon Match.

THE DAIDO MATCH CO., LD.

The Directors take pleasure in announcing that the Daido Match Co., Ltd., has taken over the business and goodwill of the Toyo Match Co., Ltd., Nippon Match Manufacturing Co., Ltd., and Koyekisha Match Manufacturing Co., Ltd., and will commence operation from October 1st, 1927. The Head Office of the Company is at 49 Harima-machi, Kobe.

We take this opportunity of presenting the officials of the Company and bespeak the continued patronage of the trade and the public.

Acting Inspector . . . . .	T. Inouye.
Inspectors . . . . .	S. Suzuki.
	S. Takigawa.
	M. Kato.

Honorary Advisers . . .	F. Kashima.
	M. Naoki.
Acting Adviser . . .	J. Goto.
President . . .	G. Takigawa.,
Vice-President . . .	H. S. Pedley.
Managing Director . . .	S. Chihara.
Directors . . .	J. Inouye.
	S. Naoki.
	B. Furukawa.
	K. Tsuchiya.
	S. Takigawa.

No. 12.—Statement showing works cost for 100 gross of matches, latest.

	Rs. A. P.
1. Cost of wood for splints and veneers . . .	37 8 0
2. Cost of paper for labels and wrapper . . .	6 0 0
3. Cost of chemicals . . . . .	9 1 6
4. Cost of other raw materials . . . . .	7 14 6
5. Factory labour . . . . .	23 1 6
6. Power and fuel . . . . .	0 7 5
7. Ordinary current repairs and maintenance of buildings, plant and machinery . . .	2 0 0
8. General services, supervision and local office charges . . . . .	3 0 10
9. Miscellaneous, <i>e.g.</i> , rent, municipal taxes, insurance, depreciation, etc. . . . .	6 0 0
10. Cost of packing cases including tarred paper	5 5 0
<b>TOTAL . . .</b>	<b>100 6 9</b>

The above figures are for boxes made with machinery. If boxes are made by hand it comes to Rs. 108-15-9.

No. 13.—Statement showing works cost for 100 gross of matches in the year 1925.

	Rs. A. P.
1. Cost of wood for splints and veneers . . .	39 12 0
2. Cost of paper for labels and wrapper . . .	6 0 0
3. Cost of chemicals . . . . .	10 0 0
4. Cost of other raw materials . . . . .	9 8 0
5. Factory labour . . . . .	30 0 0
6. Power and fuel . . . . .	1 0 0
7. Ordinary current repairs and maintenance of buildings, plant and machinery . . .	1 8 3
8. General services, supervision and local office charges . . . . .	7 0 0
9. Miscellaneous, <i>e.g.</i> , rent, municipal taxes, insurance, depreciation, etc. . . . .	10 0 0
10. Cost of packing cases including zinc lining .	7 8 0
<b>TOTAL . . .</b>	<b>122 4 3</b>

The above figures are for boxes made with machinery. If boxes are made by hand it comes to Rs. 133-12-3.

No. 14.—Statement showing works cost for 100 gross of matches in the year 1926.

	Rs. A. P.
1. Cost of wood for splints and veneers . . .	42 0 0
2. Cost of paper for labels and wrapper . . .	6 0 0
3. Cost of chemicals . . . . .	9 8 0
4. Cost of other raw materials . . . . .	8 14 6
5. Factory labour . . . . .	27 6 0
6. Power and fuel . . . . .	0 12 0
7. Ordinary current repairs and maintenance of buildings, plant and machinery . . .	1 8 0
8. General services, supervision and local office charges . . . . .	5 6 3
9. Miscellaneous, e.g., rent, municipal taxes, insurance, depreciation, etc. . . . .	9 0 0
10. Cost of packing cases including tarred paper . . .	5 14 0
<b>TOTAL</b> . . .	<b>116 4 9</b>

The above figures are for boxes made with machinery. If boxes are made by hand it comes to Rs. 127-12-9.

No. 15.—Statement of works cost for 100 gross of matches latest for sulphur matches half size.

	Rs. A. P.
1. Cost of wood for splints and veneers . . .	40 10 0
2. Cost of paper for labels and wrapper . . .	8 3 0
3. Cost of chemicals . . . . .	15 3 2
4. Cost of other raw materials . . . . .	18 13 0
5. Factory labour . . . . .	28 3 2
6. Power and fuel . . . . .	0 7 5
7. Ordinary current repairs and maintenance of buildings, plant and machinery . . .	2 0 0
8. General services, supervision and local office charges . . . . .	3 8 0
9. Miscellaneous, e.g., rent, municipal taxes, insurance, depreciation, etc. . . . .	6 8 0
10. Cost of packing cases including zinc lining and soldering . . . . .	8 3 0
<b>TOTAL</b> . . .	<b>121 10 9</b>

No. 16.—Statement of works cost for 100 gross of matches for sulphur matches full size.

	Rs. A. P.
1. Cost of wood for splints and veneers . . .	56 4 0
2. Cost of paper for labels and wrapper . . .	12 3 0
3. Cost of chemicals . . . . .	25 6 2
4. Cost of other raw materials . . . . .	13 3 6

	Rs.	A.	P.
5. Factory labour . . . . .	43	6	0
6. Power and fuel . . . . .	0	9	0
7. Ordinary current repairs and maintenance of buildings, plant and machinery . .	2	0	0
8. General services, supervision and local office charges . . . . .	5	0	0
9. Miscellaneous, <i>e.g.</i> , rent, municipal taxes, insurance, depreciation, etc. . . . .	6	8	0
10. Cost of packing cases, zinc, lining, sol- dering (two cases) . . . . .	17	8	0
TOTAL . . . . .	181	15	8

## No. 17.

Cost of sticks f.o.b. Kobe was Yen 17·50 per 1,000 bundles, that is 550 bundles were required for making 100 gross. Original Invoice attached herewith may be returned when done with.

Cost of 550 bundles came to Yen 9·62½, Exchange was at that time about Rs. 150 per 100 Yen.=Rs. 14·7·0 per case.

Cost of Boxes f.o.b. was Yen 23 per case of 15,600 which was the quantity required to make 100 gross. Original Invoice is sent for favour of perusal and return. Exchange at Rs. 150=Rs. 34·8·0 f.o.b.

Cost of dipping and packing in the beginning when boxes and sticks were imported from abroad came to Rs. 20 per 100 gross. The labour charges were very heavy and the production was very little owing to untrained labour.

No. 18.—Statement of *c.i.f.* Prices of Matches imported from Japan.

	Safety Matches.	
	1st quality.	2nd quality.
	Yen.	Yen.
June 1923 . . . . .	.....	46·00
July 1923 . . . . .	.....	44·50
July 1923 . . . . .	49·00	.....
August 1923 . . . . .	49·00	.....
September 1923 . . . . .	49·50	.....
September 1923 . . . . .	.....	44·00
November 1923 . . . . .	.....	43·00
January 1924 . . . . .	.....	42·50
March 1924 . . . . .	48·00	.....
March 1924 . . . . .	49·00	.....
April 1924 . . . . .	49·00	.....
April 1924 . . . . .	.....	45·00
October 1924 . . . . .	.....	48·00
March 1925 . . . . .	58·00	.....
April 1925 . . . . .	58·00	.....
June 1925 . . . . .	58·00	.....
August 1925 . . . . .	58·00	.....
September 1925 . . . . .	57·00	.....
December 1925 . . . . .	.....	49·00
December 1925 . . . . .	57·00	.....
January 1928 . . . . .	59·00	.....
February 1928 . . . . .	61·00	.....

These are the actual figures at which the business has been done. In 1928 only the prices were enquired for intimating the Board.

No prices were received during the period 1926 and 1927 since Indian-made Matches were cheaper. Furthermore Messrs. Swedish Co. have made agreement with Messrs. Abdoolally Ebrahim and Abdoolally Shekhadam not to import any other matches except what Messrs. Forbes handle.

## No. 19.

Cost of a Roller's box filling machine latest received for Type G. J. F. as illustration on page 134 of the present catalogue of the—

	£	s.	d.
Makers comes to . . . . .	442	0	0
Freight, etc. . . . .	18	0	0
	460	0	0
	Rs.	A.	P.
Exchange at 1/6 . . . . .	6,133	0	0
Duty 2½ per cent. . . . .	157	0	0
	6,290	0	0
Other expenses such as landing, cartage, etc. . . . .	60	0	0
	6,350	0	0
Fixing, gearing, etc. . . . .	150	0	0
	6,500	0	0
Depreciation at 10 per cent. . . . .	650	0	0
Interest at 10 per cent. per annum . . . . .	650	0	0
	1,300	0	0
	200	0	0
	1,500	0	0
Monthly . . . . .	1,250	0	0
Daily at 25 days to a month . . . . .	5	0	0
Attendance 3 men at 1/8 . . . . .	4	8	0
Fitter and Supervision . . . . .	3	0	0
Ponen, etc. . . . .	0	8	0
Wastage at 5 per cent. on 300 gross . . . . .	11	4	0
Daily capacity at 12 annas per gross . . . . .	24	4	0

## No. 20.

The capacity is taken from the actual mention made in the catalogue that is 300 gross per day or 43,200 boxes per day of 10 hours.

Now we pay Rs. 6-12-0 per 100 gross and the cost of 300 gross would come to Rs. 201-4-0.

Again we have to say that our people are not efficient still. In Ahmedabad a female worker earns Re. 0-12-0 easily per day. The rate of wages there are Re. 0-1-3 per tray of 312 boxes. Our rates is Re. 0-1-6 per tray of 200 boxes. This explains that looking to labour condition in India a box

filling machine is not only uneconomic but requires experts from Europe. Messrs. Gujrat Islam have not been able to work these machines because in absence of experts they have dislodged the arrangements of various pulleys. It is very probable that such a thing may happen at ours if we have no European expert mechanic.

We have not taken the pay of an European mechanic into consideration while calculating the above cost.

The wastage that we have calculated is also much below the figure which would arise in the beginning. We are of the opinion that after working for some considerable time, only the wastage would be brought down to 5 per cent.

The value of wastage has been put at Re. 0-12-0 per gross and this figure is also much below the actual cost as at this stage the sticks and boxes are all finished and the cost of filling is really incurred. That which remains to be done, is applying of ignition composition and packing.

It may be argued by some that the wastage is not so much as 5 per cent. when people are trained and they may be right as we have no experience in this direction, but we can easily say that still after two years working our working cost in box filling by hand will come to Re. 0-1-0 per tray and when the cost per 3 cases will be Rs. 13-8-0 which would compare very favourably with box filling by machine without calculating any wastage at all.

We were once paying Re. 0-2-6 per tray of 200 boxes. Then we came to Re. 0-2-0 to 0-1-9 and now we are paying Re. 0-1-6. Ahmedabad people pay Re. 0-1-3 per 312 boxes that is about Re. 0-0-9 per 200 boxes and there can be no doubt that we can easily come down to one anna per tray during the next couple of years.

#### No. 21.

Box filling by machine as quoted by the Swedish Match Co.'s concern. The Match Manufacturers Supply Co., Ltd.—

Cost as quoted by them now on 6th January 1928—£478.

	Rs.	A.	P.
Cost of machine c.i.f. . . . .	6,500	0	0
Duty 2½ per cent. . . . .	160	0	0
Landing, clearing, cartage, etc. . . . .	100	0	0
Fitting, Gearing, etc. . . . .	350	0	0
	7,110	0	0
10 per cent. annual depreciation . . . . .	710	0	0
10 per cent. interest . . . . .	710	0	0
	1,420	0	0
		Rs.	A. P.
For 300 working days per year daily . . . . .	5	0	0
Ordinary repairs . . . . .	1	0	0
Attendance per 12 box reservoirs 4 . . . . .	6	0	0
Fitter and Supervision . . . . .	4	0	0
Wastage at 5 per cent. on 60,000 boxes daily			
3,000 boxes at 0-12-0 a gross . . . . .	15	12	0
	31	12	0

Cost of 57,000 boxes per day Rs. 31-12-0 or per 400 gross.

Cost of 100 gross is Rs. 7-15-0 whereas we pay Rs. 6-12-0 per case.



## No. 22.

*Box filling of sulphur matches.*

The cost of machine is the same as safety but there is no doubt that the sticks being ignitable everywhere would some time catch fire in the magazine of the matches as the motion of the machine is of a shaking nature similar to that of frame folding machine and gives a friction. The wastage would be more and the production would be less as the burnt sticks must be removed. Thus the cost by machine per day would be Rs. 13 as mentioned for safety and the production would be 260 gross whereas the wastage must be about 7 per cent. or 11½ gross, that is—

Cost of labour, etc. . . . .	13
Wastage . . . . .	13
	<hr/>
	26
	<hr/>

Production 260 gross or Rs. 10 per 100 gross. We pay Rs. 9 per 100 gross.

No. 23.—*Based on price of Swedish trust.*

## Box making by machine—

	£	s.	d.
Cost of inner machine . . . . .	175	0	0
Cost of outer machine . . . . .	110	0	0
	<hr/>		
	285	0	0
	<hr/>		
	Rs.	A.	P.
Cost of machine . . . . .	3,840	0	0
Duty at 2½ per cent. . . . .	100	0	0
Charges . . . . .	50	0	0
Fitting, etc. . . . .	150	0	0
	<hr/>		
	4,140	0	0
	<hr/>		
	Rs.	A.	P.
Depreciation annually . . . . .	414	0	0
Interest . . . . .	414	0	0
Per day at 300 working days per month . . . . .	2	0	0
Fitter and Supervision . . . . .	2	0	0
Repair . . . . .	1	8	0
Attendance one man on each machine . . . . .	3	0	0
Wastage 10 per cent. of wood and peeling labour . . . . .	2	8	0
Paste . . . . .	0	2	0
	<hr/>		
	11	2	0
	<hr/>		

The machine would give 200 gross boxes inner and outer at an average including wastage. A case would cost Rs. 5-2-0. We pay for hand labour and we do not supply paste.

## No. 24.

	£	s.	d.
Cost of Box Painting machine . . . . .	180	0	0
Freight, etc. . . . .	20	0	0
	<hr/>		
	200	0	0
	<hr/>		

	Rs.	A.	P.
Exchange at 1/6 . . . . .	2,670	0	0
Duty 2½ per cent. . . . .	70	0	0
Other expenses including landing charges . .	50	0	0
Fixing and Gearing . . . . .	160	0	0
	2,850	0	0

	Rs.	A.	P.
Depreciation 10 per cent. per annum . .	282	0	0
Interest at 10 per cent. per annum . .	285	0	0
	570	0	0

About Rs. 50 per month.

Rs. 2 per day.

	Rs.	A.	P.
Interest and depreciation . . . . .	2	0	0
Attendance 2 men . . . . .	4	0	0
Repairs including fitters, etc. . . . .	2	8	0
Supervision . . . . .	0	2	0
Wastage ½ per cent. at 13 cases per day on 1,300 gross . . . . .	6	4	0
	14	14	0

Would turn out 13 cases that is Rs. 1-2-0 per case.

Hand labour is Rs. 0-11-9 per case.

Rollers catalogue Type VSM 2 page 136.

Production as stated 200,000 per day maximum.

#### No. 25.

We believe there will be very little difference in labour if we were to turn out only one quality, one size, and one label. As our production is large we have several units of manufacturing and several label machines. If these are working on ½ size and full size there is no change in proportionate cost of production. At the most we may be able to save Re. 0-4-0 in labour and Re. 0-4-0 in overhead charges per 100 gross.

#### No. 26.—Particulars of other Raw materials used in 100 gross Safety Matches.

	Rs.	A.	P.
Labels 15,000 at Re. 0-5-0 per 1,000 . . .	4	11	0
Dozen labels 1,250 at Rs. 1-14-0 per 1,000 .	1	8	0
Gross labels 210 at Rs. 3-12-0 per 1,000 . .	0	12	7
Wheat flour and potato starch for making paste	0	12	6
Nails for packing cases . . . . .	0	2	0
Sulphate of copper for paste . . . . .	0	0	5
	7	14	6

No. 27.—Particulars of cost of labour for making 100 gross Safety Matches at present.

	Rs. A. P.
Splints making department . . . . .	2 4 10
Boxes Veneer . . . . .	1 14 0
Boxes made for machine . . . . .	2 11 0
Levelling and frame filling . . . . .	2 11 0
Chemical mixing, paraffining and dipping department . . . . .	1 10 0
Frames releasing . . . . .	0 6 0
Box filling by hand . . . . .	7 14 6
Labelling by machine . . . . .	0 14 0
Phosphorous coating . . . . .	0 11 9
Packing . . . . .	1 15 9
	<hr/>
	23 1 6

No. 28.

	Yen.
F.o.b. price of Splints . . . . .	17,50
Freight and charges including buying commission which is not shown in the invoice . . . . .	5,00
	<hr/>
	22,50
	<hr/>
	Rs. A. P.
Exchange at 150 . . . . .	33 12 0
Duty at 15 per cent. . . . .	5 2 0
Landing charges . . . . .	1 2 0
Clearing charges, clearing, etc. . . . .	1 8 0
	<hr/>
	41 8 0

This price for 1,000 small bundles; we require such 550 small bundles and that would cost Rs. 22-13-3 per case. This would make a case of 100 gross. As can be seen from the enclosed invoice the splints are always packed in small bundles and such 1,100 bundles are packed to a big bale. The prices are quoted for 1,000 small bundles whereas the bale is of 1,100 bundles and can give sufficient sticks for 200 gross.

No. 29.

Nakamura.

Invoice No. 122.

Invoice of 250 bales wood sticks.

Shipped per S.S. "Penang Maru" from Kobe to Bombay by order and for account and risk of Mr. G. S. Mahomed, Bombay.

Indent or Order No.....

Insured with the Yokohama Marine Insurance Co., Ltd., Yen 7500 w.e.

Policy payable at Bombay.

Draft No. 142 Yen 6260 at 30 d/st thro Sumitomo Bank, Limited.

M. 19 S.

250 Bales Woollen Sticks.

Yen.

Each 2 packages of 550 bundles=1,100 bundles.

2,750,000 bundles in all at Yen 17.50 per 1,000 bundles, f.c. . . . . 4812.50

Charges—

Yen.

Freight: 4,750 Cuft at Yen 12 less 10 per cent. . . . . 1282.50

Shipping: 4750 Cuft. at 1.20 per ton 142.50

M'Insurance Yen 7500 at 30 sen. . . . . 22.50

1447.50

6260.00

E. & O. E.,

(Sd.)

Kobe, 6th December 1923.

Stamp of Nakamura.

Kobe, Japan.

No. 30.

Yen.

F.o.b. prices of boxes . . . . . 23.00

Freight, etc. . . . . 5.37

28.37

Rs. A. P.

Exchange at 150 . . . . . 42 10 0

Duty at 15 per cent. . . . . 6 6 0

49 0 0

Landing charges . . . . . 0 12 0

Other expenses . . . . . 1 4 0

51 0 0

15,900 boxes per case. Out of this we can save something as we require 14,400 to make one case of 100 gross, allowing for wastage, etc., we can safely put down the cost of one case to a factory at Rs. 50 per case.

No. 31.

Nakamura.

Invoice No. 165.

Invoice of 100 cases empty boxes.

Shipped per S.S. "Himalaya Maru" from Kobe to Bombay by order and for account and risk of Mr. G. S. Mahomed, Bombay.

Indent or Order No.

Insured with the Yokohama Marine Insurance Co., Ltd., Yen. 3500 w.a.  
 Policy payable at Bombay.  
 Draft No. 201. Yen. 2837-90 at 30 d/st. thro the Sumitomo Bank, Ltd.

M. 21A S.

100 cases empty wood boxes  $\frac{1}{2}$  size at 15,900 A quality per 1 case.  
 Without label on the box, at Yen 23 per 1 case of 15,900 pes.

Yen.

23-00

Charges—

	Yen.
Freight: 1758 Cuft. at Yen 12 less	
Yen 10 per cent. . . . .	474-68
Shipping: 1758 Cuft. at Yen 1-20 less	
Yen. 10 per cent. . . . .	52-74
M <sup>l</sup> Insee. Yen 3500 at 30 sen. . . .	10-50
	<hr/> 537-90
	<hr/> 2837-90
	<hr/>

E. & O. E.,  
 (Sd.)

Kobe, 11th February 1924.

Stamp of

Y. Nakamaru, Kobe, Japan.

No. 32.—*Letter dated the 3rd December, 1927 from G. S. Mahomed, Esq., Bombay.*

With reference to the oral evidence tendered by me to-day, on behalf of Messrs. The Bombay Match Works, I beg to enclose herewith a few more papers which were inadvertently omitted, although I had the same with me, and trust you will find them in order. These papers are all received from Japan, and have more or less copied from the Newspapers, and they have a close bearing on the present matter.

Enclosure No. 1.

*Intended movement of Swedish Match Trust in France.*

From the report received lately from the Japanese Consul Mr. Nagai, Sweden, we understand that the Swedish Match Trust were in treaty with the French Government for the right of monopole Match industry in France, and the question is about to materialize, and in accordance to what is spoken by Mr. Kruger, the General Manager of the Swedish Match Trust, the substance of the treaty were as follows :—

The Swedish Match Trust is to unit with the French capitalist and to establish a match Company in France with francs 30,000,000—French gold and the Company is to get the monopole right of match manufacturing in France for 60 years. And for this cost the Company shall pay the Government the reasonable tax on the quantity of manufactured matches and this tax is to be considered and estimated from its sale price and the cost of manufacture, and this amount is said to become over francs 215,000,000.

In general it is expected that the Government will have income similar to that of the present revenue.

The Company shall bear obligation to pay the Government 50 per cent. of the profit, and this amount is estimated to become about 8,000,000 to 10,000,000 francs.

Next, as a provisional measure the Government shall reduce the rate of import duty on matches for 4 years from now, and after then the Company shall undertake to manufacture the total demand of the nation's requirement.

For export the Company shall pay the Government 10 per cent. of the profit but the price for export shall be made at the option of the Company.

And as such, it is observed, that if this convention be formed, the Swedish Match Trust will remove the large portion of their factory in Sweden to France, where a lucrative labour stipulations are practised.

The communist party in Paris of the House of Commons think that if this convention is formed, it will harm the interest of the labourers and are urging for clear statement of its contents, but the President, it is said, do not respond to it.

If the above report actually materialize in France, the Swedish people will remove their factory to France and perhaps make more matches there in France than what they have been doing in Sweden, and perhaps at cheaper rate for export, and may compete in the world market, and in the meantime making fair profit in France also.

Enclosure No. 2.

*Abstract from "Japan Chronicle," dated 9th September 1927.*

#### THE MATCH COMBINE.

##### *How the consolidation was effected.*

With reference to the combine of match companies reported in yesterday's issue, the "Chronicle" is informed by Mr. H. S. Pedley, General Manager in Japan for the Swedish Match Company, that the combine is the result of very lengthy negotiations.

When the Swedish Match Company first commenced operations in Japan it was subjected to severe criticism and competition. Gradually, however, relations with the various Japanese companies improved considerably, and concrete negotiations were commenced a year ago for the consolidation of several of the bigger companies. Mr. Takikawa Gisaku, head of the Toyo firm, has been largely responsible, with Mr. Pedley, for the successful conclusion of these negotiations. The new combine, the Daido Match Company, comprise the Toyo, the Nippon and the Koekisha companies, the last two being controlled by the Swedish Match Company. The Kobayashi Company will eventually enter the merger. These factories will control about 80 per cent. of the match trade, and of the outsiders the Industrial Match Company remains the most important firm. This firm cannot combine owing to the nature of its other engagements, but as Mr. Takikawa is interested in it, relations with the Daido Company will be friendly and not competitive. Mr. Takikawa is President of the new company, and Mr. Pedley vice-President.

Enclosure No. 3.

##### *Re Daido Match Company.*

The capital of this company is Yen 10,000,000—and from 1st of October 1927, they will have their office at Harima-machi-Kobe, where Standard Oil Company was formerly located.

The Kowyekisha Match Factory, who joined with original Capital Yen 400,000—is transferring all factory property, etc., and Yen 200,000—of this belong to Mr. Inouye, and Yen 200,000—belong to Swedish Match Company.

The Nippon Match Company is sold to this new Company at Yen 1,000,000, and Mr. Naeki have sold out his share and all belong to Swedish Match Company. Mr. Naeki therefore has no more interest in the new concern.

The Toyo Match Company have transferred all factory, etc., including Labels, Machines, in Japan, but the Factory in China and other interested companies are still not included.

It is said that the first step of Toyo Match Company is to join the Factory etc. in Japan and secondly the Factory in China and thirdly the Interested Companies, and then a shareholders' meeting will be held by Toyo Match Company when it will be decided who will take the new shares in exchange to the Daido Match Company's shares.

It is rumoured that as this new Company has the large portion of Match sales in Japan, the Domestic trade will be totally controlled by them in future, but as to export trade, there are several exporters like Mitsui and others and these people going into business with those Match Factories who did not join the new company may hereafter compete keen against this Daido Match Company.

Kobe, 19th September, 1927.

Enclosure No. 4.

#### *Merger of Toyo and Sweden Match Planned.*

It is reported that the Toyo Match Manufacturing Company of Kobe which headed in the list of match manufacturing companies in Japan will amalgamate with the Swedish Match Manufacturing Company, says the vernacular press.

The Toyo Match Company is capitalized at Yen 2,800,000 and is believed to be one of the affiliated companies of Suzuki and Company as the majority of the company's share had been held by the Suzukis. Lately Mr. Gisaku Takigawa, the President of the company, however, obtained the shares held by the Suzukis by transfer.

It is believed that Mr. Takigawa bought the Suzuki's shares in order to give an impetus to the amalgamation.

Enclosure No. 5.

*Abstract from Osaka Mainichi, dated 8th September, 1927.*

#### MATCH COMPANIES AMALGAMATION.

##### *Loan of Four Million Yen to be Raised.*

The long discussed plan for the amalgamation of the Japan Match Manufacturing Company, Koekisha, and Kobayashi Match Manufacturing Company (all affiliated with the Swedish Match Manufacturing Company) and the Toyo Match Manufacturing Company will soon materialize.

The directors of these companies on September 5th entered into an agreement for the merger. The new company will be known as the Daido Match Company, and will be capitalized at Yen 10,000,000 of which Yen 6,000,000 will be provided by the capital of the old companies. Prior to opening business, the new company will float a loan of Yen 4,000,000.

The inaugural shareholders' meeting will be probably held on September 20th.

Enclosure No. 6.

*Abstract from "Kobe Chronicle", dated 8th September, 1927.*

**MATCH COMPANIES CONSOLIDATION OF INTERESTS.**

Consolidation of the Toyo Match Company with the companies trade, representing the Swedish interests, Nippon, Inouye, Koeki and Kobayashi, is reported by the Japanese papers to have been effected. The consolidated business will be known as the Daido Match Kabushiki Kaisha, operating all the factories belonging to these companies. The fixed capital is put at six million Yen and liquid capital at four million, the latter to be raised by means of debentures when the business is fully launched. The first meeting of promoters will be held on the 20th instant.

No. 33.—*Letter dated 20th February 1928 from G. S. Mahomed, Esq.,*

I have the honour to enclose herewith one original letter received from my Kobe principals, in the matter of Daido Match Company, Limited, of Kobe, Japan, a concern of Svenska Trust, and for which at the instance of the Board I have wired to my Kobe principals to give me all the possible details.

In case any further details are forthcoming, I shall avail myself with the opportunity to acquaint the Board.

Enclosure.

*Letter dated 14th January 1928 from Messrs. Y. Nakanna and Company to G. S. Mahomed, Esq., Bombay.*

Your letter No. 509.—Matches-Tariff Board.

This letter have had our interest, and noted the contents.

With reference to the money invested by the Swedish and Japanese members to the Daido Match Company, we fear we cannot give it in figures, because this is a Limited Company, and there are shareholders, and the Japanese name given as Directors are actually representing the Swedish party and possess shares in their name, which practically belong to Svenska. The only one foreigner Mr. Pedley is Vice-President. But, it is to be known that the Swedish people have half of everything.

We have sent you the report we received from the Teikoku Kashiasho and these people have obtained the figures of capital, etc., from the Registrar Office, and there is nothing more to be got at present. The list of shareholders and their shares are not yet exhibited to the public, and as this Company's shares are not sold in the market, it is very hard to get gists of their finance at this moment. They have only started the new concern three or four months ago, and it seems that the whole office is rather upset in the last days with all the transfer, etc., etc.

We have learnt that Nippon Match Company has their own men to attend temporarily to their old business, until things are brought to ship-shape, and so as Toyo Match, and Kowyekisha, etc. By amalgamating to the new concern we hear that a man like Mr. Naoki, Goto, Inouye, Takigawa, etc., are bound with contracts that these men shall not re-commence the working of match making, either directly or indirectly for 15 to 30 years from date of contract signed, and this mean a seal to these men that they cannot commence match making until the time expires. Almost every factory owners and men of importance who joined the Swedish party or who sold out the factory, are bound with such similar contracts. The aim is probably to stamp out and seal those who have experience in the match making, etc.



Mr. Kobayashi did not join the Daido Match Company, because he did not like the condition of such terms, since he says that if the Swedish people are free and have interest in match trade hereafter, he also wish to be free to start making matches at any day after he has been kicked out of the present match combine. This is because he may be elected as a member of importance to-day, and may become a Director of the Company, but in the long interval he may have any indifference with the work of the Company, and then he may not be elected as Director any more by the decision of the majority of shareholders, and then he will find himself unable to start match making any more on account of the contract binding him not to participate in the match making either directly or indirectly for 30 years, etc. He wants a free hand to commence the work, whenever he likes and of course, whenever he pleased after leaving the Swedish clink.

We are very pleased to note that all what we have sent to you regards the match business, etc., have been useful to you in the present instance with your Tariff Board.

No doubt Mr. Futehally could not give more details of the match trade prevailing here, which is due to him not directly interested with all the people here who are in the line and in touch direct with the Swedish members, etc.

The old man Fukumoto whose son went to Bombay for Messrs. Santa Cruz Match Company, is the only man who visits Messrs. Futehally's office frequently and very probably this is the only one who will give occasionally the report about what is going on in the match making, etc., and this old man actually know very few about the present situation.

The old man Fukumoto has also sold out his factory to Asahi Match Company, and we think the Swedish people will put a stop to the label "pearl shell" brand label used by the Santa Cruz Match Company which belonged to Fukumoto's register and was sold out to Asahi Match Company.

The price of matches for export have been raised by the Daido Match Company and we hear that Mitsui Bussan Kaisha who enjoyed a good price in Manila and in Bangkok market with a certain brand of Abeshi's label, etc., which now belong to Asahi Match Company have been raised also, to which Mitsui complained, but as the Swedish people know exactly at what price Mitsui are selling these matches, they refused to make it cheaper, and Mitsui is now made obliged to pay what Asahi match asks.

In this way, step by step, they will walk into the field and will bring the business rather tight to the exporters, and as such we believe Mitsui's influence in the match trade hereafter will be very much impeded.

The Swedish people know exactly at what prices the matches are being sold in all the different market, for any brand known in the market, and they will govern it so that such labels will have no merits, and during the while they will introduce their own labels of Swedish origin. They can easily do it now, by raising the price of the known brand, and selling their brand at lower rates.

We have heard from Mr. Kobayashi that they will not use the spoon brand in India, which label have been so well known in the past, and now since this spoon matches is no more existing in your market, it will die out gradually.

Should we hear more about the match trade here, we shall report to you.

## THE BOMBAY MATCH WORKS.

B.—ORAL.

**Evidence of Mr. G. S. MAHOMED and Mr. H. S. MAHOMED  
recorded at Bombay on Saturday, 3rd December, 1927.**

*Introductory.*

*President.*—Are you appearing on behalf of the Bombay Match Works?

*Mr. Mahomed.*—Yes.

*President.*—In what capacity are you appearing?

*Mr. Mahomed.*—I am a partner of the Bombay Match Works.

*President.*—How many partners are there?

*Mr. Mahomed.*—There are two firms—Messrs. Abdoolally Ibrahim and Messrs. G. S. Mahomed & Co. In the latter I and my brother Mr. H. S. Mahomed are the partners.

*President.*—You started manufacturing in November, 1923?

*Mr. Mahomed.*—Yes.

*Mr. Mathias.*—One of your partners deals in matches in the Bombay market?

*Mr. Mahomed.*—Yes.

*Mr. Mathias.*—What is the name of the firm which deals in matches?

*Mr. Mahomed.*—Messrs. Abdoolally Ibrahim.

*Mr. Mathias.*—It is one of the oldest firms in the match trade in Bombay, is it not?

*Mr. Mahomed.*—Yes.

*Dr. Matthai.*—After you started operations, for some time you were simply dipping, were you not?

*Mr. Mahomed.*—Yes. We had ordered the machinery in March, 1924, and we received it in June; the whole thing was completed in October, so that we actually began manufacturing boxes and splints in India in November, 1924.

*President.*—Before that you were importing ready made splints?

*Mr. Mahomed.*—Yes.

*President.*—How much business did you do in that way before you actually started manufacture?

*Mr. Mahomed.*—We have given the figures in reply to the questionnaire. In 1924 we were only dipping; in 1925 we began to manufacture, so that whatever production figure we have given for 1925-26 is our actual manufacture in India.

*President.*—But the 1923 figure that you have given is simply for dipping?

*Mr. Mahomed.*—Yes, right up to the end of 1924.

*President.*—It was a fairly large business in 1924 for dipping nearly 600,000 gross?

*Mr. Mahomed.*—Yes.

*President.*—At that time what prices were you realizing for the dipped matches, in 1923-24?

*Mr. Mahomed.*—Rs. 1-14-0 on an average for 1924. At the same time it must be remembered that on boxes and splints that we imported for dipping we had to pay a heavy import duty.

*President.*—What were your actual costs including duty and everything in 1924?

*Mr. Mahomed.*—About Rs. 1-8-0 a gross.

*President.*—What was the import price of splints?

*Mr. Mahomed.*—We shall submit this hereafter, as the figures are not yet ready.

*Mr. Mathias.*—The duty would only apply to imported splints since April, 1924?

*Mr. Mahomed.*—It was actually applied from March.

*Mr. Mathias.*—So that for the first 2½ months of 1924 you were importing your splints free of duty?

*Mr. Mahomed.*—Yes.

*Mr. Mathias.*—These years 1923, 1924, 1925 and 1926 for which you have given figures, are these financial years or calendar years?

*Mr. Mahomed.*—Calendar years.

*Mr. Mathias.*—So that actually in 1924 for a quarter of the year you were importing your splints free of duty?

*Mr. Mahomed.*—The heavy duty came into operation from 1st March; for two months we were paying ordinary 15 per cent. duty on splints. Unfortunately we never knew that the duty would come up so much, so we imported only our normal requirement for manufacture.

*Mr. Mathias.*—Therefore for two months you were manufacturing without paying any heavy duty and therefore your profits for those two months were in excess of this 6 annas. During these two months you must have been making more profits than you were making during the rest of the year?

*Mr. Mahomed.*—It was not so because we had to pay heavy labour charges.

*Mr. Mathias.*—You have given us Rs. 1-14-0 as your selling price and Rs. 1-8-0 as your cost?

*Mr. Mahomed.*—In the first two months even though we benefited by way of duty, we had to pay Rs. 1-8-0 a day to the workmen irrespective of the work they turned out because they were new to the work.

*Mr. Mathias.*—Even so you must have been making more profits during the first two months than during the rest of the year.

*Mr. Mahomed.*—Yes.

*President.*—Can you give us the f.o.b. price for splints and boxes?

*Mr. Mahomed.*—We will let you have that later on.

*President.*—If you can let us have the actual f.o.b. price *plus* all the charges right up to the factory both for splints and boxes, and your dipping charges separately, that would help us to see what the position was.

*Mr. Mahomed.*—We will send you the information. I may add that if you are anxious to have the prices in Japan, I will give you certain figures that may interest you. I stayed in Japan for about 14 years and during my business there all my principal customers were Indians. I was also exporting for Messrs. Adamjee Hajee Dawood and Company. I was the man who was exporting for them from Japan to Rangoon and I was conducting 74 per cent. of the Burma exports.

*President.*—That was before 1924?

*Mr. Mahomed.*—Yes. I left Japan in 1921.

*President.*—That won't help us very much because prices have changed very much since then.

*Mr. Mahomed.*—Yes. After 1921 I have had my import business and I can give you figures for the later years.

*President.*—That will be useful to us, because we want to know the variation in prices.

*Mr. Mahomed.*—In one calendar year, in 1916, my export was 108,000 cases and the majority of this was for India; of course a part of this was sent to Melbourne, etc. During the war prices were fluctuating heavily but if you would like to see the prices in 1923-24 when I was in Bombay I can give you those prices.

*President.*—If you can give us prices from 1923 up to date they would be useful.

*Mr. Mahomed.*—Since the last couple of years I have not imported any matches.

*President.*—It would be better if you could give us a statement as regards prices from 1922 onwards. If you could also give them for the pre-war periods they would be useful.

*Mr. Mahomed.*—I can give you that also. In 1908 we exported to India full size thick, third quality at 23/14 c.i.f. Bombay (cases of 50 gross). The  $\frac{3}{4}$  size was introduced later and we were paying 17 yen f.o.b. per case of 75 gross.

*Dr. Matthai.*—Can you give us any figures for matches corresponding to the present full size and half size for the pre-war period?

*Mr. Mahomed.*—During the pre-war period we used to get thick stick full size matches: later on the  $\frac{3}{4}$  size was introduced a little before the war, at the end of 1913, and then the half size was introduced during the war; at that time there was not much business. Half size came into full force because of the freight. We used to get 100 gross in a case.

*President.*—You say your full capacity is 5,000 gross of matches daily.

*Mr. Mahomed.*—Yes.

*President.*—But you have not yet reached that production?

*Mr. Mahomed.*—No.

*President.*—In 1926, it was about 2,800 per day?

*Mr. Mahomed.*—Yes.

*President.*—This year what is it?

*Mr. Mahomed.*—Till October it was 880,200 boxes.

*Dr. Matthai.*—That is for ten months?

*Mr. Mahomed.*—Yes.

*Dr. Matthai.*—That does not work out at 4,500 gross?

*Mr. Mahomed.*—No, but gradually we are working up to that; now we have come up to 4,500; in the beginning we were not.

*Dr. Matthai.*—Of this 4,500 gross that you are making now, what proportion is full size and what proportion half size?

*Mr. Mahomed.*—There is no fixed proportion as regards daily output.

*Dr. Matthai.*—Supposing you took the whole output of these 10 months ending 31st October?

*Mr. Mahomed.*—Up to October, 1927, the production was 757,200 boxes of half size and 123,000 full size.

*Dr. Matthai.*—That does not include your sulphur matches, does it?

*Mr. Mahomed.*—757,200 includes safety and sulphur.

*Dr. Matthai.*—What is your sulphur figure for half size?

*Mr. Mahomed.*—Sulphur matches altogether come to 539,000.

*Dr. Matthai.*—Do you mean to say that the great bulk of your production is sulphur?

*Mr. Mahomed.*—Yes.

*President.*—You manufacture both sulphurs and safeties?

*Mr. Mahomed.*—Yes.

*President.*—You manufacture them both in half and full sizes?

*Mr. Mahomed.*—Yes.

*President.*—Do you make full size safety also?

*Mr. Mahomed.*—Yes. But we have made only 40 cases so far of full size safeties.

*President.*—You make chiefly half size sulphur and full size sulphur?

*Mr. Mahomed.*—Yes.

*President.*—In 1927 you made 416,000 sulphur half size and 123,000 full size sulphur, and you made 880,000 altogether?

*Mr. Mahomed.*—Yes.

*President.*—So it means that more than two-thirds of your production is sulphur matches?

*Mr. Mahomed.*—Yes.

*President.*—Did you start making sulphur matches from the beginning?

*Mr. Mahomed.*—We only started making sulphurs in 1925. We started at the end of 1925 and the production of sulphurs in that year amounted to only 438 cases.

*President.*—Is there such a big market for sulphur matches on this side of India?

*Mr. Mahomed.*—There is a good market.

*President.*—Then why do you make safety?

*Mr. Mahomed.*—We have to keep these labels which are current, going on. If these sulphur matches go bad we can at once revert to these safeties because we have the labels going, otherwise it would be difficult to get a market.

*President.*—Is it not uneconomical to go in for two different kinds of matches when you can find a good market for one?

*Mr. Mahomed.*—The making of sulphurs is not an easy process for the workmen and they naturally need some change. If we keep them working on sulphurs entirely they won't find it a pleasant job and once or twice a week we have got to give them this change otherwise it won't be an attractive job for them in spite of high wages that we may pay.

#### *Machines v. Hand manufacture.*

*President.*—Why don't you have box filling machines?

*Mr. Mahomed.*—The difficulty is that we do not know how we stand.

*President.*—When you started you did not know what was going to happen, so that you might just as well have started with machinery?

*Mr. Mahomed.*—We first started with dipping machinery only and with 8 or 12 frame filling machines, because a box filling machine would have cost us about £1,000 c.i.f.

*President.*—How much work would it do?

*Mr. Mahomed.*—Five cases. You can imagine what a big outlay that would mean. There is not only the cost; there is also the interest on the amount and depreciation. If you take all these things together in my opinion hand filling would be cheaper.

*President.*—In the end hand filling cannot be really cheaper. You cannot say any hand process can be cheaper in the long run than the use of machinery.

*Mr. Mahomed.*—We are paying on an average Rs. 6-12-0 for labour for hand filling; for 5 cases it will come to Rs. 33-12-0. For Rs. 15,000 which is the capital outlay for a box filling machine the interest at 9 per cent. will come to Rs. 112-8-0 and depreciation will be Rs. 1,500 a year at 10 per cent. per annum and monthly depreciation will be Rs. 125, or a total of Rs. 237-8-0. We work 25 days a month so that it will come

to Rs. 9 per day for 5 cases, or about Rs. 2 per case. That is only depreciation and interest on the machine; then there is the attendance, then wastage the power consumed and so on. If we calculate everything for hand filling we pay Rs. 6-12-0 for 72 trays which make a case of 100 gross, that is 1 anna 6 pies per tray, whereas in the case of machine filling we pay Rs. 2 for depreciation and interest alone; then you have to take into account the repairs, wastage and so on.

*President.*—We have got some evidence on that point, but I don't think there is any evidence to suggest that the cost will be higher, so we would like you to give us a statement making more or less exact calculations. I feel that the cost you have given for the machine is somewhat high. We understood it was somewhere about Rs. 10,000 and we would like you to give us more accurate figures.

*Mr. Mahomed.*—We will check the figure and give you the information. I have got here the price from Baden which of course should be kept confidential, because they have desired me to do so (handed in). This is a quotation we have received within the last six months. As regards box filling in Japan they pay 31 sens per tray and we pay 1 anna 6 pies per tray so that we are paying a quarter anna more.

*President.*—We do not know what the condition of labour in Japan is, but as modern industries go to-day we cannot assume that hand labour is cheaper than machinery. It must be that perhaps you are getting more out of your labour than you are paying, so that the comparison is not really a sound one.

*Mr. Mahomed.*—Your contention may be right. We will however go through the figures again and let you know.

*Dr. Matthai.*—You have given us this figure of Rs. 6-12-0. Can you tell me how much you actually pay for your labour?

*Mr. Mahomed.*—1 anna 6 pies per tray.

*Dr. Matthai.*—How long would it take a person to fill a tray?

*Mr. Mahomed.*—A new man would turn out 6 trays a day, whereas a practised woman would do 14 or 15 trays a day.

*Mr. Mathias.*—14 or 15 trays output a day would be very exceptional, would it not?

*Mr. Mahomed.*—No. We get that nowadays. There are about 20 women who are turning out 16 trays a day.

*President.*—I want to have your costs in this form: In box filling take first of all the cost of the machine, then take the interest on the invested capital, say 10 per cent. per annum because it is a convenient figure, and depreciation 10 per cent. per annum, and then the maintenance of the machine including repairs, then the attendance on the machine, wages of the fitters, workmen and so on; then power, whatever overhead expenses you may have to put down for general supervision; then there may be some wastage of materials on the machines. Give us also your costs on the box making machines as well, that is to say, both for box making and box filling, and then give us your costs if you were not to use any machines.

*Mr. Mahomed.*—We do box making both by hand as well as by machine.

*President.*—In both cases you give us the costs. I think these are the two principal processes where machinery really matters, does it not?

*Mr. Mahomed.*—Yes.

*Dr. Matthai.*—As far as you are concerned practically all the processes except filling are done by machinery?

*Mr. Mahomed.*—No, side painting and packing also are done by hand.

*Dr. Matthai.*—Your labelling is done by machinery?

*Mr. Mahomed.*—Yes.

*Dr. Matthai.*—All your boxes are made by machinery?

*Mr. Mahomed.*—We are not in a position to manufacture all the boxes we require by machinery.

*Dr. Matthai.*—What proportion of your boxes is made by hand?

*Mr. Mahomed.*—Boxes for 24 cases of matches are made by machinery and the balance by hand.

*President.*—That is approximately half and half?

*Mr. Mahomed.*—Yes.

*President.*—That would be a fair comparison, would it not?

*Mr. Mahomed.*—Yes.

*Mr. Mathias.*—Which do you estimate to be the better box?

*Mr. Mahomed.*—In machine made box there is considerable wastage although it is cheaper. Boxes are kept for drying in the sun when made by hand and are not so fine as machine made boxes in appearance.

*Mr. Mathias.*—On the whole machine made boxes are the best?

*Mr. Mahomed.*—Yes.

*President.*—Is there any difference in the cost in these two processes for sulphur and safety?

*Mr. Mahomed.*—There is a big difference because paraffining and sulphur are two different processes.

*President.*—I mean in the box filling and box making?

*Mr. Mahomed.*—In box filling there is a difference; in the case of safety matches a twist can be given and the filling done very quickly, but in the case of sulphur if a twist is given it may take fire because of the friction.

*President.*—I think you had better give figures for both sulphur and safety.

*Mr. Mahomed.*—I will send you figures for both.

*Dr. Matthai.*—Approximately what difference does it make between sulphur hand filling and safety hand filling?

*Mr. Mahomed.*—For safety matches we pay 1 anna 6 pies per tray and for sulphur 2 annas, the difference being half an anna.

*President.*—So that there is difference of 33 per cent.?

*Mr. Mahomed.*—Yes. On the whole it comes to Rs. 2-4-0 per case.

*Dr. Matthai.*—Is there any difference in the cost of side painting?

*Mr. Mahomed.*—In the case of sulphur only one side has to be painted whereas in the case of safety, we have to paint both sides. In the case of sulphur sand should be applied and there is 40 per cent. wastage and therefore we have to pay more for sulphur.

*President.*—Would it not be cheaper to use machinery for that?

*Mr. Mahomed.*—No.

*President.*—If you can give us figures for all the processes whether you use hand process or machinery with regard to both sulphur and safety it would be useful.

*Mr. Mahomed.*—Yes.

#### *Sulphur matches.*

*President.*—As regards sulphur matches practically you are the principal manufacturers just now?

*Mr. Mahomed.*—It comes to that.

*President.*—And the Swedish Match Company have recently started making these?

*Mr. Mahomed.*—Yes.

*President.*—In sulphur can you have impregnated as well as unimpregnated?

*Mr. Mahomed.*—Those which come from Sweden are not impregnated but those made by the Western India Match Company are impregnated.

*Mr. Mathias.*—Yours are not impregnated either?

*Mr. Mahomed.*—No. Impregnated sticks become yellowish in colour after 6 or 8 months.

*Mr. Mathias.*—The classes of people who use these matches do not require them to be impregnated?

*Mr. Mahomed.*—That is so, because they are sold mainly in the villages.

*President.*—I suppose it is cheaper for them to use sulphur, because they can distribute the sticks?

*Mr. Mahomed.*—Yes, but our difficulty is that in the case of sulphur matches the dealers in Bombay look to the colour of the sticks and if the sticks are a little bit yellowish they won't take them.

*Dr. Matthai.*—Do you mean that they want the sticks to be white?

*Mr. Mahomed.*—Yes.

*President.*—These (samples shown) don't seem to be yellow?

*Mr. Mahomed.*—No, because they are fresh.

*Dr. Matthai.*—Why is it that you have got brown tip for the full size and a dark tip for the half size?

*Mr. Mahomed.*—They are sold in particular districts.

*Dr. Matthai.*—You don't find that difference in the case of safety?

*Mr. Mahomed.*—We have to cater to the taste of the people.

*Dr. Matthai.*—This is only a slight difference in the chemical composition?

*Mr. Mahomed.*—Yes.

*President.*—You have got three different colours, half a dozen different labels and two or three different sizes. All these things must add to the cost.

*Mr. Mahomed.*—We have to cater for the taste of the different markets.

*President.*—Yes, but it must add to the cost?

*Mr. Mahomed.*—That would be so, but in this case we are in a better position to sell.

*President.*—Supposing you manufactured only one size and one colour?

*Mr. Mahomed.*—Then we will be able to supply the requirements of only one particular market.

*President.*—But it would be cheaper, would it not?

*Mr. Mahomed.*—Yes.

*President.*—Would it make any substantial difference?

*Mr. Mahomed.*—It would make a difference between safety and sulphur no doubt in respect of different sizes. As you see we can cut down the expenses if we make only one size, but then we have two separate departments for the two sizes.

*President.*—One of the methods of the Swedish Match Company is that they do not manufacture more than one size in one place; for instance they have got half size here and full size in Calcutta and half size again in Assam. They do not manufacture two or three different sizes in one place.

*Mr. Mahomed.*—We have got different departments for different sizes so it won't make much difference.

*Mr. Mathias.*—Would it not be expensive?

*Mr. Mahomed.*—For full size labour charges are different.

*President.*—Can you give us an estimate of the reduction in cost that you would get if you were only to make one size and one quality and you had only one label?

*Mr. Mahomed.*—We shall try to give you that.



*President.*—Only one size and one label and it may be sulphur or safety, but only one thing.

*Mr. Mahomed.*—Yes.

#### *Sales.*

*President.*—That is as regards cost, but in distribution also, that is to say the cost of putting them on the market, it would be very much reduced. Supposing you found one market for only one class of goods, you might be able to sell them cheaper to the consumer, could you not?

*Mr. Mahomed.*—You mean apart from the fact whether we could sell or not?

*President.*—Leave alone the market. Supposing we found you the market. To-day, for instance, what do you get at the works on an average for, say, sulphur matches?

*Mr. Mahomed.*—Rs. 1-9-0 to Rs. 1-10-0 including the commission.

*President.*—What is your nett realized price?

*Mr. Mahomed.*—Rs. 1-7-0 to Rs. 1-7-6 for half size sulphur.

*President.*—At what rate is it sold in the bazar?

*Mr. Mahomed.*—Wholesale Rs. 1-9-0 to Rs. 1-10-0 a gross.

*President.*—And retail?

*Mr. Mahomed.*—There is no retail in Bombay; they are retailed in the interior at one pice per box.

*President.*—That is equal to Rs. 2-4-0.

*Mr. Mahomed.*—There is no buyer for a whole box. They buy some biris and few sticks in the interior as these sticks strike anywhere.

*Mr. Mathias.*—They generally sell by the box?

*Mr. Mahomed.*—Generally they don't; they give them away with the biris.

*President.*—Then I think it is not a very good example. Supposing we take safeties, what do you get for safety matches?

*Mr. Mahomed.*—Rs. 1-5-0 to Rs. 1-5-6.

*President.*—And from that you have to deduct your commission?

*Mr. Mahomed.*—Yes, 1½ to 2 annas.

*President.*—That will give you how much nett?

*Mr. Mahomed.*—An average of Rs. 1-3-6 would be all right.

*President.*—At how much per dozen would that be sold in the bazar?

*Mr. Mahomed.*—At about 2 annas a dozen.

*President.*—And the retail price is one pice, is it?

*Mr. Mahomed.*—Yes; that is the price charged by the *panwalas*. There are about 500 hawkers who sell at 2 annas a dozen. Those who stand absolutely in need of a box buy a box at one pice or 3 boxes for half an anna.

*President.*—As regards the retail price it cannot be fixed at less than one pice?

*Mr. Mahomed.*—As a rule there are more buyers by the dozen and at least when they can get 3 boxes by paying one pice extra, they take that rather than pay one pice for a box.

*President.*—Can you estimate how much is sold by the dozen and how much is sold by the box?

*Mr. Mahomed.*—75 per cent. of the wholesales can be considered as being sold by the dozen.

*Dr. Matthai.*—Are you speaking of the Bombay market?

*Mr. Mahomed.*—Yes.

*Mr. Mathias.*—Of the balance of 25 per cent. how much would be sold at 3 boxes for 2 pice and how much at one pice each?

*Mr. Mahomed.*—My information is that one-third of this is sold by the box at one pice each and the balance at 3 boxes for 2 pice.

*Mr. Mathias.*—Your information points to the fact that the sale of matches by the box is not an important consideration for us.

*Mr. Mahomed.*—Yes, and our figures are based on the experience of our partners, who have been in the field for the last half a century.

*Mr. Mathias.*—They are fully conversant with the practice in the trade?

*Mr. Mahomed.*—Yes. In Bombay two or three motor lorries are running, one by the Western India Match Company and the other by the Santa Cruz Match Company, and these people are selling even half a gross to consumers.

*President.*—When you want to push a new label on the market against an old label which has established itself, you must offer some inducement to your commission agent or to your retailer or to both, must you not?

*Mr. Mahomed.*—Yes.

*President.*—What kind of inducement do you have to offer when you want to push a new label on the market?

*Mr. Mahomed.*—We have to offer some sort of inducement by offering these at half an anna or a quarter of an anna less than the running label, but when the prices are declining the current labels do not decline so much and we offer a quarter of an anna or half an anna less for a new label according to circumstances. If we find that the buyer is a man who can command better sale for the new label then we give him some commission. As regards sulphur matches I may tell the Board that the Railway Company charge one rate up to 20 maunds; that is, if the weight is less than 20 maunds even then we have to pay for 20 maunds, but for anything above 20 maunds then they charge at the rate actually above 20 maunds, so that the trouble is that 5 or 6 cases must come under one railway receipt to bring the weight up to 20 maunds or over. If a man wants to buy one or two cases he has to collect 5 or 6 cases to make the consignment up to the full chargeable value.

*Dr. Matthai.*—Why have the railways got special railway rates for sulphur matches?

*Mr. Mahomed.*—Because they are dangerous and they perhaps have to have special wagons for them.

*Dr. Matthai.*—How long does it take for a new label to establish itself in the market?

*Mr. Mahomed.*—It depends on the party selling the goods. If the sales are with, say, Abdoolally Ibrahim then suppose a buyer comes and wants three cases of a particular label, they say "we will give you two of those and one equally good" and thus push the sale of the new label, and say "we will charge you quarter anna or half an anna less for the new label."

*Dr. Matthai.*—If it were your own transaction how long would that new label be charged at a quarter anna less?

*Mr. Mahomed.*—For a month or two because sulphur matches do not go immediately and reach their destination and after they are sold if the goods are found to be up to the standard then orders begin to come in. Then the prices are level again and the prejudice against a new label is no longer there.

*President.*—You say in reply to question 9 (c) "We consider 1½ pie per box a fair measure for overcoming this prejudice," that is the present difference of Rs. 1-2-0. You are able to sell your half size sulphur at Rs. 1-7-0, are you not?

*Mr. Mahomed.*—Yes, that is the factory price.

*President.*—Is that nett?

*Mr. Mahomed.*—Yes.

*President.*—At what price are the Swedish imported half size sulphur sold *ex godown*?

*Mr. Mahomed.*—Rs. 2-6-6 per gross; now they have reduced the price. No sooner we began to turn out sulphur matches they reduced the price of the Nizam brand to Rs. 2-0-0 per gross in order to compete against us.

*President.*—Then the difference is only about 9 annas?

*Mr. Mahomed.*—Rs. 1-7-0 is our factory price, but their selling price is Rs. 2-0-0, whereas our selling price is Rs. 1-8-6. So the difference is only 7 anna 6 pies. But I think the costs will be more because the Western India Match Company have also begun to make sulphur matches.

*President.*—What are they sold for?

*Mr. Mahomed.*—Rs. 1-10-0.

*President.*—Those are Indian matches and yet they fetch a better price than yours?

*Mr. Mahomed.*—The quantity is limited and when they have got buyers for Swedish imported matches they say "you must buy these as well." The Swedish people have not been manufacturing sulphur matches in India until recently and in order that their labels may not go out of the market they reduced the price from Rs. 2-6-0 to Rs. 2-0-0.

*President.*—For the imported matches?

*Mr. Mahomed.*—Yes. Their idea probably is that as soon as they manufacture their own matches in India they will either raise the prices of the imported matches like the Nizam brand or stop importing altogether.

*Mr. Mathias.*—That is a temporary arrangement until they are able to increase their production here?

*Mr. Mahomed.*—Yes. As regards safety matches our presumption is that they have increased the price by one anna from December, because the evidence up till now has shown that they were cutting the prices.

*President.*—What is the price of WIMCO matches?

*Mr. Mahomed.*—Rs. 1-5-0 to Rs. 1-6-0 per gross.

*Mr. Mathias.*—Since 1st December, 1927, they have raised their price?

*Mr. Mahomed.*—Yes.

*Mr. Mathias.*—Previously it was Rs. 1-4-0 to Rs. 1-5-0?

*Mr. Mahomed.*—Yes.

*Mr. Mathias.*—Have you raised your prices too?

*Mr. Mahomed.*—We have very few safeties to put into the market, but others have done so.

*President.*—This is the first time we have heard of any rise in price?

*Mr. Mahomed.*—It was raised only on the 1st December and we are practically the only people who have come to give evidence after that date, and so you hear of it for the first time. Whenever their goods are not saleable, they always give inducement to the seller by a reduction of one or two annas. They have got a chart in their office and no sooner are their goods sold in the market they gradually raise their price. In the beginning if they find that their goods are not sold so well they give an inducement by way of a reduction in price.

*Mr. Mathias.*—Have not the Western India Match Company matches got a good reputation in the market?

*Mr. Mahomed.*—They have a fair reputation.

*Mr. Mathias.*—Some of the samples produced before us are very inferior stuff and some of the boxes we have received contained black sticks.

*Mr. Mahomed.*—Because they are made of Indian wood.

*Dr. Matthai.*—When did the Western India Match Company last alter their prices?

*Mr. Mahomed.*—From 1st December, 1927.

*Dr. Matthai.*—The price before the 1st December is the price that has continued ever since November, 1926, is it not?

*Mr. Mahomed.*—In November, 1926, their price was Rs. 1-7-0 to Rs. 1-7-6; then from 1st February, 1927, they put their prices at Rs. 1-5-0 to Rs. 1-6-0 according to different centres and this price was practically maintained till 1st December, 1927. Then again they allow discount at different rates at different places for different quantities.

*Dr. Matthai.*—How long has that system been in force?

*Mr. Mahomed.*—This system of special discount has been in force from 1st February, 1927. The prices were lower for B———, but these have now been increased.

#### *Allegations against Swedish Match Company.*

*Mr. Mathias.*—I don't quite understand what you mean. How is it that the Swedish people have acquired such a good reputation in the market when they put such bad matches on the market like the samples we have before us?

*Mr. Mahomed.*—They want to show that this is the kind of match that can be produced out of Indian wood. They turned out 500 cases of these inferior matches and put them on the market at 10 annas a gross at a dead loss.

*President.*—What do you suggest is the idea?

*Mr. Mahomed.*—Their idea according to us is that they want to show what kind of matches can be made out of Indian wood so that when we make splints out of Indian wood, we won't be able to get a market for them.

*President.*—You mean their idea is to spoil the reputation of matches made out of Indian wood, but supposing they had to manufacture entirely out of Indian wood they would not get a better price either in that case?

*Mr. Mahomed.*—As a matter of fact they have stopped manufacture out of Indian wood since the sale of these 500 cases and it will take some time to wipe off the impression which the retailers have got.

*Mr. Mathias.*—Would it not be the natural idea for the retailer, finding that these matches turned out by the Western India Match Company are very bad, to refuse to purchase any more of their matches? Would not this bring the WIMCO into disrepute in the market?

*Mr. Mahomed.*—This is the third quality and for a better quality they pay a better price. We are also turning out second quality. Buyers will buy according to the quality. If we give them a second quality they will say "we want first quality."

*President.*—Do you still produce second quality matches?

*Mr. Mahomed.*—We have practically stopped making second quality matches, because the prices are not in any way remunerative.

*Mr. Mathias.*—What is the difference in the price between the first quality and the second quality?

*Mr. Mahomed.*—Between 3 and 4 annas per gross. We have tried bleached sticks with sulphur and they are a little bit whiter (shown).

*Mr. Mathias.*—What wood is this?

*Mr. Mahomed.*—Bombax.

*Mr. Mathias.*—I don't understand with what object you allege the Western India Match Company sells these inferior matches. You say they put them on the market at a very cheap rate and therefore matches made out of Indian wood acquire a bad reputation?

*Mr. Mahomed.*—It may be one of the reasons, or it may be that they manufactured these out of Indian wood and found them to be mere rubbish and had to sell it at 10 annas per gross.

*Mr. Mathias.*—Supposing your first reason is correct, that would mean that it would be to your interest to manufacture matches out of aspen?

*Mr. Mahomed.*—Yes.

*Mr. Mathias.*—What do they gain by that? The competition would be just as severe.

*Mr. Mahomed.*—It would bring the Indian wood into disrepute and as far as we have stocks we shall be compelled to sell at a lower price and gradually stop manufacture.

*Mr. Mathias.*—It would merely force you to use imported aspen: do they gain anything by that?

*Mr. Mahomed.*—No.

*Mr. Mathias.*—What is their object then?

*Mr. Mahomed.*—They sell Indian wood matches at ridiculously low prices, so that the factories which are now using Indian wood will use aspen.

*Mr. Mathias.*—What do they gain by forcing you to use aspen?

*Mr. Mahomed.*—They will make us lose on the stock of Indian wood matches which we hold.

*Mr. Mathias.*—Is it not possible that they made a certain number of these matches, they found that they turned out black and so they had to dispose of them at any price?

*Mr. Mahomed.*—That is what they allege. Anyhow the impression that we have got in our minds is that they are doing it to bring our goods into disrepute. They do not wish that the masses should get trained to the use of coloured matches.

*Dr. Matthai.*—You mean it is in the interest really of imported matches?

*Mr. Mahomed.*—That is the impression we have got.

*President.*—Imports have been steadily going down and they must soon realize that imports cannot continue much longer. In that case it would not be a good policy to throw away good money, would it?

*Mr. Mahomed.*—Import is not controlled by anybody else, but themselves. Whatever they are getting from Sweden they are selling at a loss. As soon as they increase their capacity of the Western India Match Company their imports become less.

*President.*—Would it not be to their interest to make good matches out of Indian wood?

*Mr. Mahomed.*—If they make matches out of Indian wood themselves then we stand on the same footing and there can be no prejudice against Indian wood matches, whereas if they make bad matches it is natural we cannot realize a better price because the buyers would naturally be inclined to believe that Indian wood matches are mere rubbish. When you sell a thing at a ridiculously low price the impression is that that stuff must be very bad.

*President.*—So far as you are concerned, you use Swedish or Japanese aspen for splints, do you not?

*Mr. Mahomed.*—Yes. And we also use Indian wood in a limited quantity but we may say we use aspen generally.

*Dr. Matthai.*—Why?

*Mr. Mahomed.*—Black splints cannot have any sale because up till now buyers are accustomed to imported matches.

*Dr. Matthai.*—If you can experiment with Indian wood for safety matches, why can't you do the same for sulphur?

*Mr. Mahomed.*—For sulphur buyers are accustomed to buy perfectly white splints whereas in the case of safety they are used to bad splints since the war, when we had inferior quality Japanese matches.

*Dr. Matthai.*—You have never tried?

*Mr. Mahomed.*—No. We have only started manufacturing sulphurs recently and we have got to get the public accustomed to our matches and as soon as we get a footing we will use Indian wood in case of sulphur

matches also. At present we have to overcome the prejudice against Indian wood. Unless we can produce goods exactly similar to those coming from Sweden, we can have no market. Once we have got that we can gradually overcome the prejudice against Indian wood and get the market accustomed to it. Imported sulphur matches have been sold in this country and have got a reputation for half a century and it is not an easy matter to oust them in one or two years. It is important to bring our goods to the same standard as the Swedish and then gradually educate the people to use Indian wood.

*President.*—For boxes do you use aspen?

*Mr. Mahomed.*—Yes, for sulphur matches it is all aspen.

*President.*—What is the difficulty in using Indian wood for boxes?

*Mr. Mahomed.*—We cannot use Indian wood now, because the buyers are particular about the colour. The majority of buyers of these sulphur matches have been used to aspen, but we have every intention of using Indian wood for boxes. It would take some time.

*President.*—Besides the colour is there any other difficulty so far as splints and boxes are concerned?

*Mr. Mahomed.*—We have not come across any other serious difficulty, but colour is the most important thing in the case of sulphur matches.

*Mr. Mathias.*—Supposing we recommended a heavy duty on imported aspen that would probably result in more matches being made out of Indian wood: would that be a sound alternative to adopt?

*Mr. Mahomed.*—We have no objection to anything that will give an impetus to use Indian wood and encourage the exploitation of Indian forests.

*Dr. Matthai.*—As regards splints must not your sulphur splints be stronger, because there is more friction when you light them?

*Mr. Mahomed.*—There are different ways of lighting the sulphur and safety splints.

*Dr. Matthai.*—Does it not mean more strain?

*Mr. Mahomed.*—That is why we cannot make thinner splints in the case of sulphur.

*Dr. Matthai.*—Indian wood is less strong than aspen and therefore to that extent Indian wood may be less suitable than aspen?

*Mr. Mahomed.*—If the splints are thicker then it would be all right.

*Dr. Matthai.*—In your opinion there should be no difficulty?

*Mr. Mahomed.*—No.

*Dr. Matthai.*—Is there any difference in quality between Japanese aspen and Polish aspen?

*Mr. Mahomed.*—One is from the East of Russia and the other is from the West of Russia.

*Dr. Matthai.*—Practically taking the same quantity it costs you the same at the factory?

*Mr. Mahomed.*—Almost the same. The difference in price results from a difference in the method of measurement.

*President.*—As regards your costs we are prepared to treat them as confidential, but you must understand that it would do you no good if we were not allowed to publish your evidence.

*Mr. Mahomed.*—We have discussed the position amongst ourselves and our instructions are that if the costs of the Western India Match Company are published then we would have no objection to your publishing our costs also. Before proceeding with the costs we will be pleased to place before the Board certain letters which we have received from our Japanese friends regarding the activities of the Swedish Trust in Japan. I have already sent you a copy of one newspaper, and I have got other letters with me, which I am afraid are a bit lengthy (handed in). I will also give

you an extract from the newspaper report on the Toyo Match Company (handed in).

*President.*—They may be quite all right, but it is very difficult for us to treat them as evidence. We shall of course be very glad to receive any document which you may give us.

*Mr. Mahomed.*—I have got here another newspaper report regarding the Daido Match Company, which is the same as the Swedish Match Company. It has come to my knowledge that the Western India Match Company are collecting figures for raw materials to place before the Tariff Board just to show cheaper cost of production. They have asked us to quote the price of amorphous phosphorus.

*President.*—Do you deal in amorphous phosphorus?

*Mr. Mahomed.*—Yes, in my personal capacity. I have got one letter from them in which they themselves quote for this article, and say they represent Messrs. Albright and Wilsons, and in a second letter they asked me to quote my price, perhaps thinking that the prices which I might quote would be the price which we would place before the Tariff Board. I therefore thought it wise to bring my prices and show the Board at what price we are buying this commodity. They presumably wanted my price to use it against me before the Tariff Board or to enable them to quote to people whom I sell. From the figures we have with us you will find that our price is £160 per ton for amorphous phosphorus, and they are quoting £168 per ton. I have also heard that they are putting in some figures for chlorate of potash. I have got the actual invoice figures with me which show at what price we are buying that stuff and it is £24 against £27. If they say their cost is cheaper, I cannot believe it because they are producing sulphur matches, 25 cases of 50 gross each, for which they have European experts. You can well imagine what their costs would be—we call one European a white elephant—and I have definite information that they have got 57 Europeans in India in the Western India Match Company—and probably the salaries of some of these are debited to the Swedish Match Company's account. It may be all right from the legal point of view, but I wanted to place these points before the Board for their information.

*President.*—It is very difficult to judge in this way.

*Mr. Mahomed.*—If there is anything that I can do I will be pleased to help the Board.

*President.*—Their contention naturally would be that as they manufacture matches on a large scale throughout the world and they buy their requirements on a very large scale, they are able to get their requirements at a lower price.

*Mr. Mahomed.*—They have got control over certain chemical factories, but at the same time what we want to show is that our prices are not as they put it to but that they are lower.

*President.*—Why should you be able to buy at prices lower than theirs?

*Mr. Mahomed.*—If they are controlling chemical industries we shall not be in a position to get our chemicals at lower prices than theirs, but my contention is that the figures which they will place before you may not be correct figures.

*President.*—Have you anything against the general argument that they can buy these chemicals and other things cheaper than anybody else can since they are the largest buyers. Can you say anything against that?

*Mr. Mahomed.*—No, but what we say is that they have these factories with them and with their help their only intention is to maintain their supremacy throughout the world.

*President.*—You cannot get away from the fact that placed as they are they ought to be able to buy cheaper than anybody else.

*Mr. Mahomed.*—I will give you an example of how they buy their materials cheaper. Take wood for instance. We were buying wood at

Rs. 40 per ton from Jinjira; we had a good contract with these people and we were employing 200 labourers in the forest. These men were employed at the cost of the seller of the wood, that was a matter of arrangement between ourselves and the seller. Then the Swedish people went there and bought at Rs. 57 per ton and when the first lot of 226 tons arrived here it was taken up, but when the second lot arrived it was refused and sold by auction and the stuff was purchased by Messrs. Gilder and Company at Rs. 25-8-0 and by Messrs. Ebrahim Gani at Rs. 27.

*President.*—That has nothing to do with chemicals and aspen wood. As regards chemicals and aspen wood don't you think they should be able to get them at more favourable rates?

*Mr. Mahomed.*—Furthermore, they sell chemicals on which they make profits; but their selling price is dearer than our selling price.

*Dr. Matthai.*—Do you mean that the selling prices of the Match Manufacturing Supply Company are higher than your selling price?

*Mr. Mahomed.*—Yes. The amount of chemical used per case of matches is small. There cannot be a very big difference in that. Paraffin which is the most important thing is bought locally.

*President.*—This Daido Match Company is the same as the Swedish Match Company?

*Mr. Mahomed.*—Yes. This is a "Who is Who" of the directors of that Company (handed in).

*President.*—This is very interesting. We find here that all the officials bear Japanese names?

*Mr. Mahomed.*—They are Japanese and are appointed on behalf of the Swedish concern. There is also Japanese capital in the concern.

*President.*—This is precisely what they may do here. They have got a majority of Japanese directors and they are doing business in Japan.

*Mr. Mahomed.*—It is practically stated that the majority of the capital is Swedish; you can see that from the newspaper cutting which I have sent you.

*Mr. Mathias.*—Part of the capital is Swedish?

*Mr. Mahomed.*—The majority of the capital is Swedish.

*President.*—That brings us to the very point that we have got to consider. A proposal has been made that they ought to be compelled to have Indian directors, Indian capital and thousand and one other things. But you can see how it is done!

*Mr. Mahomed.*—I am showing you all these papers just to bring it to your notice that if the window dressing is there they will take advantage of any loophole there may be and hide behind it and do the same thing here.

*President.*—You would agree, would you not, that it would not be possible to meet this Trust, if it was necessary, merely by insisting upon Indian capital, Indian management and Indian directors?

*Mr. Mahomed.*—That would not be possible. The only way according to my opinion of meeting the Trust is by anti-Trust legislation and nothing else.

*Mr. Mathias.*—That has not proved particularly effective in America. I don't think they mention the exact proportion of the capital.

*Mr. Mahomed.*—No, but they can give you a correct idea as to who is who.

*President.*—What we want to know is, what is the precise interest of the Swedish Trust in this Daido combine?

*Mr. Mahomed.*—I will get this information by cable from Japan and let you have it.



*President.*—We want to know precisely what is the amount of the Swedish capital, what is the amount of the Japanese capital and what sort of arrangement they have got.

*Mr. Mahomed.*—I will get you the exact figure. I will send a cable and will get the reply by mail.

*President.*—Please do.

*Mr. Mathias.*—Do you not consider that the Swedish Trust with the large capital which it has at its disposal, and the best legal talent in the world, will be able to get round any system of excise on matches produced by firms financed by foreign capital in India?

*Mr. Mahomed.*—My idea is this. Suppose you put an excise duty of 8 annas and the matches sell at Rs. 1-6-0. Immediately they will charge Rs. 1-14-0; then they will reduce the rates to Rs. 1-13-0, and then to Rs. 1-11-0 and so on till the Indian factories are wiped out.

*Mr. Mathias.*—They will simply redouble their efforts, is that your point?

*Mr. Mahomed.*—Yes, they will immediately raise their price as others have to do, but after some time the same tactics will follow.

*President.*—As regards the costs that you have given for 1927, are these for sulphur or safety matches?

*Mr. Mahomed.*—For half size safety matches.

#### *Wood Costs.*

*President.*—Your cost of wood for splints and veneers is given as Rs. 37-8-0. How do you derive that?

*Mr. Mahomed.*—We use about 10½ c.ft. for boxes and splints—that is nett using aspen in both cases, or 11 c.ft. gross. This is the quantity used when the wood is fresh, but in the latter part of the year when the wood gets dry there is more wastage and then it comes to 12 c.ft., so we have averaged it out here.

*Dr. Matthai.*—That is to say you have taken it at Rs. 150 a ton.

*Mr. Mahomed.*—Rs. 3-2-0 a c.ft.; to-day the lowest price is Rs. 136. These are facts actually supported by the home invoice. If it is contended by others that prices are lower, then there must be some difference in the measurement or something of that kind.

*Dr. Matthai.*—Is that the highest figure that you have got?

*Mr. Mahomed.*—Yes, but it is the most accurate figure. I think Mr. Fatehally has given you 13½ c.ft. and our figure comes to 10½ c.ft. nett.

*Dr. Matthai.*—If you take your answer to question 13 (a) you will find that your actual consumption of Indian wood for last year is given as 112,000 c.ft.

*Mr. Mahomed.*—That is Indian wood, but what we are discussing is aspen wood.

*Mr. Mathias.*—Why do you use aspen wood for boxes for safety matches?

*Mr. Mahomed.*—We have given our estimate here.

*President.*—What I want to know is this. If you were to use aspen wood for splints and Indian wood for boxes by how much would the cost of wood be reduced? What is the cost of Indian wood delivered at the works?

*Mr. Mahomed.*—Rs. 45 a ton.

*President.*—How much would you require for boxes?

*Mr. Mahomed.*—7½ c.ft. for boxes; that will be 2 annas per gross cheaper but there will be a little more wastage in peeling and in box making.

*Mr. Mathias.*—Of this Rs. 37-8-0 how much could you reduce if you used Indian wood for boxes? Could you reduce it by Rs. 17?

*Mr. Mahomed.*—About Rs. 11-12-0 would be saved for boxes per case.

*President.*—That is about 1 anna 9 pies per gross?

*Mr. Mahomed.*—Yes.

*Dr. Matthai.*—If you make allowance for the wastage and so on, the gross reduction will be 1 anna 9 pies; what would be the nett reduction?

*President.*—How much wood have you taken?

*Mr. Mahomed.*—7½ c.ft. for Indian wood and 6 c.ft. for aspen.

*President.*—Does that include wastage?

*Mr. Mahomed.*—Yes, but that does not allow for any wastage in labour.

*President.*—I am talking of the nett reduction.

*Mr. Mahomed.*—The nett reduction in wood would be Rs. 11-12-0.

#### *Other Costs.*

*President.*—As regards chemicals there is one figure in your statement which is the lowest we have received, that is for chlorate of potash. You say you use about 9 lbs.

*Mr. Mahomed.*—9 to 10 lbs. for half size.

*President.*—That is a very small quantity.

*Mr. Mahomed.*—For half size that is the quantity used. I think that is reasonable because in Japan also they never require more than 9 lbs. for matches of ordinary quality. The normal price was 17 yen per cwt., during the war it went up to 165 yen per cwt. It was a very important factor in the manufacture of matches during the war and so we know what it was.

*Dr. Matthai.*—You get your paraffin locally, do you?

*Mr. Mahomed.*—Yes.

*Dr. Matthai.*—Is 10 lbs. considered to be the normal consumption of paraffin in Japan?

*Mr. Mahomed.*—Yes.

*Dr. Matthai.*—In the cost of other raw materials of Rs. 7-14-6 what have you included?

*Mr. Mahomed.*—Glue, potato starch; that includes labels also.

*Mr. Mathias.*—What is the most expensive item in the other raw materials?

*Mr. Mahomed.*—Match labels. The sulphur match labels, for instance, are not ordinary red they are vermilion; then again we have glazed labels and these cost a lot.

*President.*—Don't you maintain regular cost sheets?

*Mr. Mahomed.*—No; we make our detailed accounts in a different way.

*President.*—Can't you give us more detailed information under different headings of these chemicals and other raw materials and so on.

*Mr. Mahomed.*—We have no objection to give you, if you desire.

*President.*—I want the cost of all the items separately so that we can see how it works out.

*Mr. Mathias.*—Your cost of other raw materials is almost double that of other people?

*Mr. Mahomed.*—That is because these glazed labels cost us 8d. per 1,000 c.i.f.

*President.*—Give us the cost of other raw materials under different headings. The factory labour also I would like to be split up into different departments.

*Mr. Mahomed.*—Yes.

*President.*—In any of these items "Ordinary current repairs, etc." and "general services, etc." have you included depreciation?

*Mr. Mahomed.*—Depreciation is included in item No. 9 which is Miscellaneous.

*President.*—At what rate have you included depreciation?

*Mr. Mahomed.*—10 per cent. on the capital invested in machinery.

*President.*—What is the value of the machinery?

*Mr. Mahomed.*—Last *dewali* the cost of the machinery was Rs. 1,65,000 and we have put down Rs. 16,500 for depreciation.

*President.*—Rs. 1,65,000 was the original cost, was it not?

*Mr. Mahomed.*—Yes, but Rs. 34,000 out of that has been written off.

*Dr. Mathai.*—That is entirely from the machinery account.

*Mr. Mahomed.*—Yes.

*President.*—So that the original value is roughly Rs. 2 lakhs and you have included Rs. 16,500 as depreciation. That will be about 4 pies per gross, so that for 100 gross it is about Rs. 2.

*Mr. Mahomed.*—Yes.

*President.*—So that roughly out of this Rs. 6 for Miscellaneous, Rs. 2 will go out and then the rest are actual taxes paid by you.

*Mr. Mahomed.*—Yes.

*President.*—Your fixed capital account to-day is Rs. 2,85,000 for machinery and buildings and your book value would therefore be about Rs. 3,45,000 because you have written down Rs. 60,000, or let us say Rs. 3,50,000 in round figures.

*Mr. Mahomed.*—Yes.

*President.*—And your working capital is about Rs. 3,75,000.

*Mr. Mahomed.*—Yes, Rs. 7,60,000 in all.

*President.*—That is a very big amount.

*Mr. Mahomed.*—We have submitted an account of stocks that we held at the end of the *dewali* and furthermore these raw materials and chemicals we have got to carry for 5 or 6 months' consumption because some of the things cannot be had here and we have to be very careful about keeping regular supplies for feeding the machines.

*President.*—That is really equal to 6 months' turnover?

*Mr. Mahomed.*—These are the actual figures from our books at the end of the *dewali*. We have given you the actual stocks and the amount due from our sales. Last year we produced 880,000 gross and this year we have produced not more than 45 cases a day according to the present output and we have got to keep a very large stock.

*President.*—Supposing you do not have to sell your matches at all, then you will not require this item of Rs. 1½ lakhs for credit?

*Mr. Mahomed.*—That is right.

*Mr. Mathias.*—Supposing it was possible to standardize the labels of all factories in India and you had some labels printed plain black only on white paper, would you be able to reduce your cost of labels considerably?

*Mr. Mahomed.*—Yes, it would reduce our cost.

*Mr. Mathias.*—How much could you reduce?

*Mr. Mahomed.*—If two colour labels are printed we pay 2½ annas per 1,000 against 8d. per 1,000, which we are paying for glazed labels and we pay more also for vermilion colour labels for sulphur matches.

*Mr. Mathias.*—How much could you knock off per 100 gross in labels? I understand black and white labels are by far the cheapest; supposing that it was possible to have just two labels, how much could we knock off on that account?

*Mr. Mahomed.*—We will save Rs. 3-8-0 per case if only two colours were used per case of 100 gross.

*Dr. Mathai.*—That is 6 pies per gross?

*Mr. Mahomed.*—Yes. But if only black and white labels are put on the market they would not be sold. Of course if factories are forced to

produce these labels and no other labels are allowed to be manufactured then everybody will be forced to buy these labels. At the same time there will be some increase in paper.

*President.*—That would be very small?

*Mr. Mahomed.*—Yes.

*President.*—There will also be saving in labour in pasting?

*Mr. Mahomed.*—The present machine leaves a space for fixing the label. If we are to go in for the altered label, alteration would have to be made in the machinery, but I think only the arrangement of gumming will have to be changed.

*President.*—You can use any other paper for wrapping the boxes.

*Mr. Mahomed.*—We can even use newspaper.

*Dr. Matthai.*—What would be the saving in labels in packets?

*Mr. Mahomed.*—When I say saving in labelling that includes everything.

*President.*—You have been present here throughout the proceedings and you know the points we have been discussing. As regards the duty you also want that the duty of Rs. 1-8-0 should be maintained?

*Mr. Mahomed.*—Yes.

*President.*—Then as regards the excise what is your proposal; would you have it by means of stamps?

*Mr. Mahomed.*—We would prefer stamps but with a proportionate increase in the import duty.

*President.*—About sulphur matches there is this difficulty that they can be sold without containers?

*Mr. Mahomed.*—As it is they cannot be sent into the interior without containers.

*President.*—As regards sulphurs would it not be better, supposing only one factory manufactured sulphur matches, to do it in bond under Government supervision?

*Mr. Mahomed.*—Even in the case of safety matches the waste splints are sold packed in cardboard boxes and they are hawked in the bazar. From the releasing machines there is some wastage of dipped splints which are sold at 2 annas a lb. These buyers pack them into cardboard boxes, apply amorphous phosphorus to the sides and hawk these at any price. In the same way sulphur matches are not sold up to now because these sticks are considered dangerous and if they are sold without containers they might take fire.

*President.*—So that they must be packed in containers?

*Mr. Mahomed.*—Yes, otherwise there is that risk.

#### *Possible remedies.*

*President.*—As regards the Swedish Match Company I think you told us that this idea of levying special taxation or compelling them to have Indian directors and so on is not very feasible?

*Mr. Mahomed.*—It is not feasible.

*President.*—What do you suggest now?

*Mr. Mahomed.*—We have already suggested anti-trust legislation.

*President.*—Supposing anti-trust legislation is not feasible?

*Mr. Mahomed.*—Then the Indian industry will be ruined.

*President.*—I think I explained at the first hearing that there are other alternatives, such as a Government monopoly.

*Mr. Mahomed.*—We prefer stamps to a Government monopoly.

*President.*—The stamp is required merely for revenue purposes. Supposing first of all Government can manufacture matches as well as sell them, or Government can allow private manufacturers to manufacture matches and buy them from those manufacturers thus keeping the sales in its own hands.

*Mr. Mahomed.*—None of these would be practicable. The sales will be reduced, because if the goods are sold through a merchant they allow credits and other facilities, but if the sales are made through Government, the buyers won't get these advantages.

*President.*—That is Government's business; Government must look after its own business. If the Government does not know how to do business it must suffer.

*Mr. Mahomed.*—Of course we do not consider it easy.

*President.*—What is the difficulty? Supposing Government said there should be 15 factories in India.

*Mr. Mahomed.*—That will not be to our interest.

*President.*—Government could say "All right, you have 15 factories in the country and each factory is licensed." Government then say "We will purchase all the matches manufactured by these people" and they fix the quantities and they say "this is the price at which matches can be manufactured in the country" and they say so much profit should be allowed to the manufacturer and buy all the matches. What is the difficulty?

*Mr. Mathias.*—Let me put it to you this way. Supposing Government has a monopoly; it starts a department called the match department with an officer in charge and with representatives in each province. The head of the department will decide such questions as quotas—how much should be manufactured by each company in India, how much Esavi should manufacture and how much you should manufacture and so on—assisted by a non-official committee which would represent various interests. Quotas will be fixed and the price also will be fixed at which Government will purchase matches from the manufacturers. If a trader wants to buy so many cases of matches, he puts in his application to the local representative of the match department and that local representative on the information which has been supplied by the head of the department sends this order to a particular factory as part of the quota and that factory sends it to the trader, excise being collected by means of labels as the President suggested. Do you think a system of that kind will work and will secure you against the Swedish people monopolizing the market?

*Mr. Mahomed.*—We are of opinion that this will not be feasible.

*Mr. Mathias.*—Why?

*Mr. Mahomed.*—Because matches are better sold through middlemen rather than direct to consumers.

*Mr. Mathias.*—They will still be sold through middlemen; the only difference is that the wholesaler will obtain his supplies by indent from Government.

*Mr. Mahomed.*—It would not suit each particular firm.

*President.*—You cannot have it both ways. Supposing we found no remedy against what we consider unfair competition and were faced with this problem, would you not rather keep the manufacture in your hands and let the sales go than lose both?

*Mr. Mahomed.*—If that is the only alternative left we will choose the alternative which will be advantageous to us.

*President.*—In such a case would it not be better for the industry as a whole that it should continue to manufacture and not bother about the sales, because it is in the selling part of the business that the difficulty really arises.

*Mr. Mahomed.*—If both the alternatives are open to us we would choose the alternative that suits us best.

*President.*—Supposing we cannot propose any solution of this difficulty caused by the Swedish Match Company except this, would you consider it feasible in that case?

*Mr. Mahomed.*—Then we shall have to fall in with the idea, but we are of opinion that the sales will be reduced.

*President.*—But there is no objection to Government following the same system as you do. Why should you make profits and not the Government by that system?

*Mr. Mahomed.*—We would like Government to profit themselves as well as us. If Government lose they will again appoint a Tariff Board.

*President.*—Why do you assume that Government will follow more un-businesslike methods than you?

*Mr. Mathias.*—Supposing you continue your factory and turn out 4,000 gross a day. All that will be necessary would be for your wholesalers to apply to the Government officers, who would sign the indents on your factory. Your sales would be made much more quickly so you have a distinct advantage.

*Mr. Mahomed.*—If the Government do not make any profit!

*Mr. Mathias.*—Government will make a profit in the shape of the duty.

*Mr. Mahomed.*—If that is the alternative we shall have to stick to it.



## The Titvala Match Factory, Titvala, Bombay.

*Letter dated 1st April 1927.*

In reply to the contents of your letter No. 209, dated 7th March 1927, we beg to state as follows:—

1. The factory was started in the year 1925. It is a private company and is an unregistered firm.

2. The capital held by Indians in this concern is Rs. 50,000. The firm consists of no Directors and Europeans. Europeans are not employed.

3. We undertake the whole process of manufacture.

4. From 1st April 1925.

5. 1,100 gross. (Eleven hundred.)

6. Dimension of the match box,  $1\frac{3}{4}'' \times 1\frac{1}{4}'' \times \frac{1}{4}''$ . Average splints in a box 60.

7. Three Lakhs gross. (300,000 Gross.)

8. Titvala. No special advantage in any of the 4 points.

9. Where there is an abundant and continuous supply of timber suitable for match making.

(a) Indian matches are not inferior to those which are imported, but since a long time there has been an impression on the minds of the consumers that imported matches are of superior quality.

(b) No.

(c) We consider  $1\frac{1}{4}$  pie per box a fair measure for overcoming the prejudice.

10. (a) Yes.

(b) Yes, but now we are utilising Indian wood.

(c) No.

We import wood from Japan and Poland.

The rate for Japanese wood is Yen 2 per c.ft. c.i.f., imported in Bombay.

The landing charges are Rs. 2-10 per ton.

Transport charges Rs. 9 per ton.

Duty is 15 per cent.

11. The rates of wood from Poland are £8 per ton c.i.f. and all the other charges are same as above.

11. (a)

Indian name.

Salai.

Ambo.

Gugal.

Mahine.

Kakad.

(b) Sawar.

(c) Old planks.

Sawar planks.

Botanical name.

Boswellia.

Serratta.

Bombax.

Malabaricum.

Bombay, Malabaricum.

12. (a) The specimen wood that we have tried have so far been found not satisfactory in respect of colour and finish although there is nothing against the utility. We are confident if proper research is made under the guidance of experts certain specimens as good as imported wood can be found. There are certain specimens in the North of India such as Poplar and Fir which can be used as substitutes for foreign wood.

(b) Yes.

(c) Yes.

13. (a) 32,000 c.ft. of wood.

(b) 40,000 c.ft. of wood.

14.  $10\frac{1}{2}$  c.ft. of wood.

15.

50 gross boxes  
 $32 \times 23 \times 21\frac{1}{2}$

100 gross boxes.  
 $35 \times 29 \times 31.$

These are external measurement and the thickness is  $\frac{3}{4}$ " of all planks. We do not buy separate wood for packing cases.

16. From Kalyan 10 miles. From Godhra 350 miles. From Janjira 75 miles.

17. We buy *ex-factory* from the contractors.

18. We do not pay any royalty to Government.

19. We purchase *ex-factory* at Rs. 42 per ton of 50 c.ft.

20. We do not get any concession from the Government but we wish that some concession be given to us in the shape of forest acquisition by royalty at minimum rates.

21. The supply of wood is not constant in quality as the wood growing in plain is more suitable than that growing on hills.

22. The supply of wood is abundant.

(a) No.

(b) Yes, the factory at Ambarnath is competing to buy wood from nearer areas.

(c) No.

(d) No.

23. No.

24. Yes.

25. We get only fire wood rates but we wish that more concessions be given to us as we think by getting our supplies from Northern India for splints and this is not possible unless we get more concession in railway freight. As at present the rates are too high for us to permit us from getting suitable wood from far distance.

26. Paper, Chemicals, Paraffin Wax.

They are used as under :—

	Tons.
Paper . . . . .	32
Chemicals . . . . .	35
Paraffin W. . . . .	17

29. (a) All of them can be made if proper facilities are afforded.

(b) Nil.

30. No.

31. About three.

32. Two and their pay is Rupees four hundred and seventy-five per month.

33. We hope to do away with two of them in very short period. We give all facilities to Indians to acquire knowledge of working various machines.

34. We employ total five hundred and twenty-five workmen out of which three hundred and seventy-five are women and children.

35. From vicinity.

36. Indian labour improves with training. We have records of this.

37. There is no necessity for this as we are employing all local labour. As for foreigners we have to produce quarters. We are prompting healthy conditions and children welfare.

38. Steam.



39. No electric power is supplied to us.
40. We use steam as power. For fuel we use waste wood.
43. We need the whole of our requirements from waste wood in our factory.
44. This can be well gathered from Sea Customs Statistics.
45. Do not know.
46. We are supplying matches in the South till Mysore, North till Gujrat and Kathiavad, and in the Central India till Nagpore.
47. We are ourselves situated near the port.
48. (a) Market for imported and Indian matches is not distinct. Indian matches have captured most of the markets.
- (b) Yes, foreign matches imported in Native States are being sold at a cheaper rate near Bombay than those imported in Bombay.
49. Sweden and their local factories.
50. Foreign matches imported under the present duty cannot compete keenly with Indian matches but still this import cannot cease until consumers get use to Indian matches.
51. 1918-22 only Japanese half size matches came to India and at the rate of Yen. 105'00 to Yen. 70'00. The rate of Yen. 105'00 to Yen. 70'00 per case of 100 gross and were assessed at the then existing duty. We cannot say at what rate they were disposed. Since 1922 to 1926 Swedish matches are sold ex-godown by the Swedish Syndicate at Rs. 2-11 to Rs. 2-5 per gross. Our goods were sold at Rs. 2-3 to Rs. 1-5 per gross, 1923 to 1926.
52. From old matches dealers.
53. (a) Foreigners in order to keep their labels current in Indian market offer to sell the goods at a loss as they have various other markets where there exists no competition of prohibitive duty and where they can make profit to compensate for the loss incurred here.
- (b) We presume there is no margin for foreigners.
- (c) We have reasons to believe that they cannot produce matches at such a lower rate and hence they are sending at a lower rate than what they are selling in their home market.
54. No.
- (a) No.
- (b) No.
- (c) No.
- (d) Yes, very high rates of transportation.
- (e) No.
- (f) Yes.
- (g) Yes, for foreign wood.
- (h) Yes, we have to pay duty of 15 per cent. on all the imported materials which the foreigners have not to pay as they are getting all these materials in their own country.
- (i) No.
55. The disadvantages are such as can be remedied.
56. Yes. The smallest factory can be of 500 to 600 gross daily output.
57. 40 per cent.
58. (a) We have no box making machine but we make them by hand. Our peeling and chopping machines are all Japanese made. We find Japanese more adaptable to Indian labour. Our frame filling and other machines are Japanese made and we find them quite suitable.
- (b) No.
59. (a) Yes.
- (b) Head composition, side composition, box-making, labelling, filling, packing into one dozen and half gross packets.

60. (a) Yes.  
 (b) Yes.
61. Nothing as far as we know.
62. Lands and buildings on lease.  
 Machinery valued at Rs. 15,000.
63. Not available at present.
- 64 to 66. Not available at present.
- 67 to 73. Not concerned, the company being a private concern.
74. Impossible to give a right figure of the amount.
76. No.
77. No.
78. No.
79. 10 per cent. on machinery.
81. (i) Rs. 50,000.  
 (ii) Rs. 80,000.
82. Yes.
83. None.
84. Cost of monthly output is Rs. 28,000, while the working capital is Rs. 50,000.
85. Rs. 20,000, and the money is returned three weeks after the delivery.
86. Yes, of wood.
87. No head office.
88. Agent's commission is half an anna per gross.
89. After the sale is completed.
90. (i) There is no Head office.  
 (ii) Half an anna per gross.
- 91 to 93. We have no concern as our company is a private one.
94. (a) Yes.  
 (b) Yes.  
 (c) Yes.
95. (a) Yes.  
 (b) Yes.
96. The industry can be put on a good footing in India owing to cheap labour and abundant supply of wood.
97. The protection in form of Customs Duty is Re. 1-8 per gross : but in reality it does not in any way benefit the industry as high rates are charged for imported chemicals.
- (ii) No concessions are allowed on transport charges.
- 98 and 99. Protection is very essential and the reasons for the same are given in the report dated Bombay, 22nd December 1926, to the Secretary of the Tariff Board by the Indian Match Manufacturers Association.

# TITVALA MATCH MANUFACTURING COMPANY.

B.—ORAL.

**Evidence of Mr. D. A. KADER, recorded at Bombay, on Monday, the 28th November 1927.**

*Introductory.*

*President.*—Mr. Kader, are you appearing for the Titvala Match Company?

*Mr. Kader.*—Yes.

*President.*—In what capacity?

*Mr. Kader.*—I am appearing as Manager of the works.

*President.*—Who are the proprietors of this Company?

*Mr. Kader.*—Mr. Abdul Kader Ismail and Junji Oiwa.

*Dr. Matthai.*—Are they equally interested?

*Mr. Kader.*—No. Mr. Junji Oiwa gets a certain amount of profit.

*President.*—Has he contributed any capital?

*Mr. Kader.*—Yes.

*President.*—What has he contributed?

*Mr. Kader.*—Rs. 7,500, that is 15 per cent. of the whole capital.

*President.*—What does he get on his investment?

*Mr. Kader.*—He gets a profit of 25 per cent.

*President.*—Why was this arrangement made with this Japanese gentleman?

*Mr. Kader.*—He came as a working partner. The people here did not know the match business and he was brought down from Japan.

*President.*—Was this company carrying on any dipping business before?

*Mr. Kader.*—No.

*Dr. Matthai.*—Are your partners interested in any way in the Thana Match Works?

*Mr. Kader.*—Mr. Abdul Kader Ismail is also a partner of the Thana Match Works.

*President.*—So that you really work in consultation?

*Mr. Kader.*—No. We work independently of each other.

*Mr. Mathias.*—Your selling arrangements are mutual, aren't they?

*Mr. Kader.*—No.

*Mr. Mathias.*—When we went to visit that factory we saw a number of Titvala matches mixed up with theirs?

*Mr. Kader.*—It so happened that sometime ago we had a lot of orders for certain brands and we could not manufacture the whole of them, and so a part of the order was given to the Thana Match Works, just a small quantity, about 5 or 7 cases, of the Bugle brand, and that was what you saw there.

*President.*—Have you any Japanese labour?

*Mr. Kader.*—We had three men but they have all gone home; we have got only one man now and that is Mr. Junji Oiwa.

*Mr. Mathias.*—What is the total capital of the concern?

*Mr. Kader.*—Rs. 50,000, of which Rs. 7,500 is Japanese and the balance Indian.

*Dr. Matthai.*—When you started you had three Japanese experts?

*Mr. Kader.*—There were four when we started.

*President.*—Where is Titvala situated? We have not had the opportunity of visiting the factory.

*Mr. Kader.*—I am sorry, I tried my best but unfortunately you could not come round. Titvala is about 8 miles from Kalyan.

*President.*—You said there was no motor road?

*Mr. Kader.*—No; there is a river and there is no bridge on it. Only bullock carts and tongas can sometimes pass across the river.

*President.*—You started manufacture in 1925.

*Mr. Kader.*—Yes.

*President.*—But you have not given us your production.

*Mr. Kader.*—We have given; it is 1,100.

*President.*—That is the full capacity, is it not?

*Mr. Kader.*—That is the output per day.

*Dr. Matthai.*—What year does it relate, this figure of 300,000 that you give in answer to question 7?

*Mr. Kader.*—That is from 1925 April to 1926 March.

*Dr. Matthai.*—That is to say from the first year you were able to produce practically up to the full capacity?

*Mr. Kader.*—No. In the very beginning for say 2 weeks we were only manufacturing about 200 gross a day and after that the factory was producing almost up to the full capacity within two months.

*Dr. Matthai.*—Since then you have been producing at the same level?

*Mr. Kader.*—Sometimes more and sometimes less, the reason being that Titvala is a small village with a population of about 900, mostly agriculturists and businessmen. We have very little labour available there. In the monsoon they go for farming and we are very short of labour for nearly 2½ months.

#### *Choice of Site.*

*Dr. Matthai.*—Then why did you choose this inaccessible place for your factory?

*Mr. Kader.*—We had originally intended to have our works at Andheri where we had purchased the land. Afterwards some fraud was found out and we had to give up the land and then we went to Titvala.

*President.*—Titvala has got no particular advantage as a site, has it?

*Mr. Kader.*—No.

*Dr. Matthai.*—On the other hand it has distinct disadvantages.

*Mr. Kader.*—Yes, but we could not help going there because our machinery and other things had already arrived and there was no time to erect a building. We took over a rice factory at Titvala and converted it into a match factory.

*President.*—You have taken it on lease?

*Mr. Kader.*—We could not find a better place at that time and we were obliged to go there.

*President.*—Your machinery cost you altogether Rs. 15,000.

*Mr. Kader.*—Yes.

*President.*—What does this machinery chiefly consist of?

*Mr. Kader.*—Frame filling machine, peeling machine, levelling machine, emptying machine, lining machine and dipping machine.

*President.*—Are the frame filling and emptying machines worked by hand?

*Mr. Kader.*—All by hand.

*President.*—What are the machines you work by power?

*Mr. Kader.*—Veneer cutting, splint shopping and box veneering machines.

*President.*—Everything else is done by hand?

*Mr. Kader.*—Yes.

*President.*—It is very easy to start a factory like that because there are only two or three machines required and you can get them quickly.

*Mr. Kader.*—It is not very complicated.

*President.*—Supposing you wanted to start a factory to-day, how long would it be before you could get it going?

*Mr. Kader.*—It could be done within a month.

*President.*—And you actually took three months before you started manufacturing?

*Mr. Kader.*—Yes. Before we started manufacturing matches we were importing boxes and splints from Japan; we were not making matches in those days, these machines were purchased later on.

*President.*—When did you actually start manufacturing?

*Mr. Kader.*—After three months.

*Mr. Mathias.*—Were you dipping the splints?

*Mr. Kader.*—Yes.

*Mr. Mathias.*—I thought you said that no dipping was done in your factory?

*Mr. Kader.*—I am sorry I did not understand the question then.

*Mr. Mathias.*—You started off by bringing ready made boxes from Japan and also importing splints from Japan and dipping them here?

*Mr. Kader.*—Yes, that was only for about three months.

*President.*—Did you find that remunerative—the importing of boxes and splints and dipping them here?

*Mr. Kader.*—No.

*President.*—And it was for that reason that you thought it necessary to have the factory started? You started manufacturing after the duty on splints had been increased?

*Mr. Kader.*—We had the idea from the very beginning and our machinery was already on the way.

*Dr. Matthai.*—Supposing the Government had not increased the duty on undipped splints and veneers to the present figure, that is to say 4 annas 6 pies, I take it you would have continued to use your factory mainly as a dipping factory?

*Mr. Kader.*—We had an idea of manufacturing splints and boxes here: that was our idea from the very beginning.

*Mr. Mathias.*—Before the duty was put on imported undipped splints, it must have been a very remunerative business, this dipping of splints here.

*President.*—Did you find it very profitable before the duty on splints was increased?

*Mr. Kader.*—No.

*President.*—Why not?

*Mr. Kader.*—Because by importing timber and manufacturing boxes here, we can do it cheaper.

*President.*—But then, when you had no machinery, when you had nothing at all, didn't you find it profitable to import boxes and splints and dip the splints here?

*Mr. Kader.*—We were very eager to start the business so that until the machinery arrived and we were able to start manufacturing here, we imported a certain quantity of splints and boxes and dipped the splints here to keep going during the interval.

*President.*—Why were you in such a hurry if it was not remunerative?

*Mr. Kader.*—Of course we were not losing money on it.

*Mr. Mathias.*—Selling prices were very high at that time?

*Mr. Kader.*—Yes, nearly Rs. 2.

*Mr. Mathias.*—You must have been making very handsome profits: all our evidence in Bombay so far goes to show that before the duty on splints was increased, all the manufacturers were making handsome profits.

*Mr. Kader.*—We started very late.

*Mr. Mathias.*—Even so you must have been making good profits?

*Mr. Kader.*—We could not turn out a sufficient quantity of matches.

*Mr. Mathias.*—But on your output you must have been making sufficient profits?

*Mr. Kader.*—Of course we did not lose then!

*President.*—Were you in any way connected with the match business before you started this factory?

*Mr. Kader.*—I was.

*President.*—What were you doing?

*Mr. Kader.*—I was in Japan for 20 years dealing in matches and I was also interested in a match factory there.

*President.*—And it was your idea to start this work at Titvala.

*Mr. Kader.*—Yes.

*President.*—You say in answer to question 8 that Titvala has no special advantage in any of the four points raised in our question.

*Mr. Kader.*—Because as I said we cannot get labour there. If we had sufficient labour we could turn out 1,600 gross a day. Then we have no power there. We have got a Crossley oil engine.

*President.*—You also say that you are not near any market.

*Mr. Kader.*—Our matches are not sold on the Bombay side. We book our matches straight away from the station to other parts of India.

*President.*—Where is your principal market?

*Mr. Kader.*—In the South up to Mysore, North up to Gujerat and Kathiawar and in Central India up to Nagpur.

*President.*—What advantage have you there. Why should you supply matches to these markets? Matches could be manufactured in those places, could they not?

*Mr. Kader.*—Where are we to supply then?

*President.*—That is what we want to know.

*Mr. Kader.*—We get buyers from those places and we supply.

*President.*—If factories were to be started in those places you would have no market?

*Mr. Kader.*—We will have to find our way out of the difficulty then?

*President.*—It might be somewhat late then.

*Mr. Kader.*—I can only say that necessity is the mother of invention and it is no use planning from now.

*President.*—What was your point in starting this factory at Titvala?

*Mr. Kader.*—We had already bought the land, we had bought the materials and we could have put up the factory where we had originally decided but for the unforeseen difficulty which I told you.

*President.*—Could you not have started a factory, say, in Mysore or Central Provinces where you would have been near your market?

*Mr. Kader.*—The investor did not think it worth while doing so; he wanted the factory to be as near his eye as possible.

*President.*—What would be your personal opinion?

*Mr. Kader.*—I would go out. I pointed this out to the proprietor who would not hear of it.

*Dr. Matthai.*—So long as you are dependent on imported aspen don't you think that being at a port is rather an advantage?

*Mr. Kader.*—Yes, timber would not cost much in that case but on the other hand labour would be dearer at the ports.

*Dr. Matthai.*—Even in one of these industrial suburbs the rates for labour would be higher, would they not?

*Mr. Kader.*—Where?

*Dr. Matthai.*—Take a place like yours, for instance?

*Mr. Kader.*—Labour charges would be cheaper there. Left to myself I would have gone to Southern India.

*Dr. Matthai.*—Where in Southern India?

*Mr. Kader.*—Very near Travancore.

*Dr. Matthai.*—You have not done any investigation there, have you?

*Mr. Kader.*—Yes. I went to Travancore and was in the forests there for 6 or 7 days with the Forest ranger.

*President.*—Your opinion is that the site selected there would have been more suitable?

*Mr. Kader.*—Yes, but on the other hand the weather condition is very unsuitable. They have got rains for nearly six months and it is very damp during those months, but we could have found a remedy for it.

*Dr. Matthai.*—There are people who have actually started in that part of the country.

*Mr. Kader.*—It is only now that they have started, but not in those days.

*Dr. Matthai.*—The Malabar Match Manufacturing Company started their operations four or five years ago?

*Mr. Kader.*—Immediately the duty was imposed I went out to Travancore and on my return went to Japan and then came back and started this factory.

*Dr. Matthai.*—I don't suppose you would have found labour cheaper there because the plantations draw away labour.

*Mr. Kader.*—That is true but Government was willing to help us on that point and they said that they would give us sufficient cheap labour. As regards Titvala I might tell you that we make boxes actually at Kalyan and not in the village itself. We have to send the materials to Kalyan and get the boxes made there because we are short of labour at Titvala.

*President.*—Why could you not move your factory to Kalyan?

*Mr. Kader.*—That is what we are thinking of. But we really do not know where we stand. If we are sure of a protective duty being imposed for a certain period of time, we could invest more money and put the factory on a better footing than it is now.

*President.*—You have got a high protective duty now; do you think that helps you?

*Mr. Kader.*—If it is maintained it is all right.

#### *Internal Competition.*

*President.*—What about competition amongst yourselves; is not that really the cause of your trouble?

*Mr. Kader.*—We are not competing so much; it is the Ambarnath factory that is creating competition.

*President.*—They are also manufacturing here so that your trouble arises not from foreign competition but from internal competition, does it not? The competition from Ambarnath is also internal, it is not external. How do you suggest that a protective duty is going to help you?

*Mr. Kader.*—That is a point for Government.

*President.*—You just now said that if you were quite sure that this protective duty were to be kept on you would be all right: I am trying to point out that the protective duty has nothing to do with it, as far as I can see.

*Mr. Kader.*—Why not?

*President.*—How does it help you against internal competition?

*Mr. Kader.*—There is no internal competition.

*President.*—Why have your prices come down?

*Mr. Kader.*—You must take into consideration the fact that when we started the match business we were paying very high prices for wood and the labour for filling was also very dear.

*President.*—Quite true but what has brought down the prices if it is not competition?

*Mr. Kader.*—But I don't think there is going to be any more competition than now.

*Dr. Matthai.*—Any more competition with Ambarnath you mean?

*Mr. Kader.*—I cannot say about Ambarnath.

*Mr. Mathias.*—You were saying that if the duty was declared a protective duty, you would purchase more machinery and increase your production. What you want to do will also be done by other manufacturers and then the production will increase and prices will go down owing to competition?

*Mr. Kader.*—But India is not manufacturing up to her full requirements.

*President.*—How do you mean? The imports have been steadily going down?

*Mr. Kader.*—But from the Indian States matches are imported into this country and are sold at a very low price.

*President.*—Suppose the Indian States manufacture matches then where is your market?

*Mr. Kader.*—We have to see at that time what we can do; there is no other way.

*President.*—It is very consoling! You use aspen, I take it, for your splints but do you use Indian wood for your boxes?

*Mr. Kader.*—Yes.

*Mr. Mathias.*—The difference between the selling price of your matches and that of imported matches of the same size is about a rupee, is it not?

*Mr. Kader.*—The imported matches are sold at Rs. 2-5-0 and ours are sold at Rs. 1-3-6 to Rs. 1-4-0 that is a difference of Rs. 1-2-0 per gross.

*Mr. Mathias.*—That is 1½ pies per box. You say in answer to question 9 (c) that you consider 1½ pies per box a fair measure for overcoming the prejudice, so that this 1½ pies represents approximately the difference in the selling price between your matches and the imported matches of the same price and the imported match of the same size.

*Mr. Kader.*—Yes.

*President.*—You have experience of the manufacture of matches in Japan, have you not?

*Mr. Kader.*—Yes.

*President.*—Can you tell us how much wood they require in Japan for making 100 gross boxes, say of half size?

*Mr. Kader.*—About 10 to 12 c.ft. if I am not mistaken.

*President.*—You have given here 10½ c.ft. for 100 gross; does it mean all aspen or does it mean aspen for splints and Indian wood for boxes?

*Mr. Kader.*—That is only for splints; boxes are separate.

*President.*—How much do you require for boxes? Have you got your detailed costs with you here?

*Mr. Kader.*—I have not brought them, I will submit them later.

#### *Costs.*

*President.*—What is your total cost just now?

*Mr. Kader.*—About Rs. 110 per 100 gross.

*President.*—Does it include your profit?



*Mr. Kader.*—Rs. 110 is our cost price.

*President.*—Have you to pay any commission out of that?

*Mr. Kader.*—From the selling price we have to pay that, but Rs. 110 is our cost price.

*President.*—What is your selling price?

*Mr. Kader.*—Rs. 1-3-6 per gross. That is for our 1st quality.

*President.*—How many qualities do you manufacture?

*Mr. Kader.*—Two qualities. The other quality is made of savar wood splints, and is sold at Rs. 1-1-6 per gross.

*President.*—What would be the cost of savar wood matches?

*Mr. Kader.*—Rs. 104 per case.

*President.*—Out of Rs. 1-3-6 how much goes for commission?

*Mr. Kader.*—Rs. 3-2-0 per case or half an anna per gross.

*President.*—Anything else?

*Mr. Kader.*—Discount at 1 per cent. and interest at  $1\frac{1}{2}$  per cent.

*President.*—And the remainder is your nett price.

*Mr. Kader.*—Yes.

*President.*—Do you impregnate your matches?

*Mr. Kader.*—Yes.

*President.*—How much does impregnation cost?

*Mr. Kader.*—Half an anna per gross.

*President.*—Does it enable you to get a better price for these impregnated matches?

*Mr. Kader.*—We were getting half an anna more, but we don't get it now.

*Mr. Mathias.*—We were told that the price for impregnated matches was one anna more.

*Mr. Kader.*—Half an anna more.

*President.*—Do you know at what price your boxes are sold in the bazar?

*Mr. Kader.*—7 pice per dozen; single boxes may be sold at one pice per box.

*President.*—At 7 pice per dozen, it will be Rs. 1-5-0 per gross. Do you mean to say that your commission agent will sell those boxes at Rs. 1-5-0 when he buys from you at Rs. 1-3-6? You will have to give some commission to the man who sells at Rs. 1-5-0 per gross.

*Mr. Kader.*—He makes a profit of 1 anna 6 pies per gross.

*President.*—Who does?

*Mr. Kader.*—The retailer makes that. Then they get an empty case out of which they realise three or four rupees per case and then there is the zinc lining. In addition they get about Rs. 9 per case at the rate of  $1\frac{1}{2}$  annas per gross so that the total comes to about Rs. 13. In these hard times Rs. 13 is quite sufficient.

#### *Packing Cases.*

*Mr. Mathias.*—Do you use tin lining?

*Mr. Kader.*—Yes, in the rainy season and in the open season we use paper.

*Mr. Mathias.*—On that of course the retailer makes no profit.

*Mr. Kader.*—He might be making just a few annas but for the case he would get about Rs. 3.

*President.*—Do you buy back the empty cases?

*Mr. Kader.*—No.

*President.*—In Japan do they sell these matches in cases in the country itself?

*Mr. Kader.*—They generally pack the matches in a zinc case and is transported by railway from place to place.

*President.*—Is that cheaper than the wooden case?

*Mr. Kader.*—Much cheaper.

*President.*—Supposing you packed in zinc cases only how would the cost compare with your present method?

*Mr. Kader.*—The zinc case costs about Rs. 2-10-0 and the wooden case Rs. 4-8-0, and when it is zinc lined it costs about Rs. 7 to Rs. 7-2-0.

*President.*—Would a zinc case alone be sufficient during the monsoon?

*Mr. Kader.*—Yes if the railways handle it carefully. In Japan they handle these things very carefully, but here the railway companies are always in a hurry and I am afraid they won't be able to do it.

*President.*—For that reason you think that you cannot dispense with the wooden case?

*Mr. Kader.*—Yes, because the cases are not handled carefully.

*President.*—You pay all your labour by the piece?

*Mr. Kader.*—Yes.

*President.*—Would you give us your rates for all the departments in which you pay by the piece wherever you use labour?

*Mr. Kader.*—Yes.

*President.*—How do you pay for the splint chopping?

*Mr. Kader.*—We pay per day.

*President.*—You say in answer to question 51 "Our goods were sold at Rs. 2-3-0 to Rs. 1-5-0 per gross—1923 to 1926". You were not manufacturing matches as early as that?

*Mr. Kader.*—What we mean to say is that our goods were sold in 1926 at that rate.

*President.*—In 1925 what was your rate?

*Mr. Kader.*—About Rs. 1-14-0.

*President.*—And your costs were about the same as they are now?

*Mr. Kader.*—No, they were higher.

*President.*—How much higher?

*Mr. Kader.*—About 20 to 23 per cent. higher, say, about Rs. 130 to Rs. 135 per case, but I am not quite sure.

*President.*—And you received nearly Rs. 180 if the rate was Rs. 1-14-0 per gross. There was a pretty good margin there?

*Mr. Kader.*—Yes, there was.

*President.*—It was only when the prices came down to Rs. 1-3-0 and Rs. 1-4-0 that you began to grumble?

*Mr. Kader.*—Yes.

*President.*—Do you expect your costs to come down any more or have you reached the limit?

*Mr. Kader.*—They may come down.

*President.*—By how much?

*Mr. Kader.*—I could not tell you that.

*President.*—But you are doing business, haven't you any idea?

*Mr. Kader.*—It is very hard to say on that point. For instance for labels made here in this country we were paying a higher price, but if proper machinery is imported into this country, which costs about Rs. 60,000 to Rs. 70,000, it can be done for half the price and of a better quality and more accurately cut. In the case of these labels that are done here about 15 per cent. is wasted. They are not well printed, they are not well cut and yet cost us more money. Similarly there are many other things, e.g., filling frames and so on which can be made here.

*President.*—Have you got the right wood in this country?

*Mr. Kader.*—We can do it from the aspen or some other quality of wood. Empty cases also can be made here and we can buy directly say at about a rupee cheaper.

*President.*—Who do you think is going to make this for you?

*Mr. Kader.*—There are people but they are not sure how this business is going to stand.

*Mr. Mathias.*—Why don't you make your own frames now?

*Mr. Kader.*—We are not sure of ourselves and we do not want to go in for additional expenses. There are enough people who can do it for us.

*President.*—Supposing Ambarnath or any other Indian factory reduced its price, say to Rs. 1-1-0, will you be able to compete?

*Mr. Kader.*—I am afraid not.

*President.*—At about what price will you be able to stand?

*Mr. Kader.*—We have given you that figure.

*President.*—If the price goes below that?

*Mr. Kader.*—We will have to find some other way.

*President.*—Supposing prices next year dropped down to Rs. 1-2-0 would you be able to carry on?

*Mr. Kader.*—At that figure we don't lose money and we will be able to carry on at that figure but not lower than that.

*President.*—Somebody has got to reduce his price below that and you go out at once?

*Mr. Kader.*—That is so.

*President.*—I am only saying that it may be somebody's business to do it.

*Mr. Kader.*—We cannot say that. It may be that if we put the position before the labour and say "look here, we are losing money; the cost price is so and so, what do you say to reducing your rates", they may say yes and in that case we can reduce our price and compete again.

*President.*—How much can labour reduce its wages? They must have a living wage?

*Mr. Kader.*—Not much; I admit that because it has already been reduced.

*President.*—There you are!

*Mr. Kader.*—Still we might be able to reduce it further.

*President.*—Any big factory which uses machinery and produces on a large scale can always manufacture matches cheaper than you, can it not?

*Mr. Kader.*—There is no doubt about that.

*President.*—If that were to happen what would you do? Will you have any serious complaints to make if you are to go out simply because somebody else uses more machinery?

*Mr. Kader.*—Our complaint will have no effect.

*President.*—Would it be a good complaint when you do not use enough machinery, when you manufacture on a small scale and somebody else turns up and starts a big factory and uses machinery and thereby produces more cheaply than you do?

*Mr. Kader.*—We will have no voice in it.

*President.*—You have a voice in the matter. You can also produce as cheaply as they can.

*Mr. Kader.*—We could only do it to a certain extent as I told you.

*President.*—But in the long run can you compete against machinery?

*Mr. Kader.*—We cannot. If we also bring down suitable machinery then we might be able to compete with other people.

*Dr. Matthai.*—You admit that the real reason for the decline in prices is increased competition from Ambarnath?

*Mr. Kader.*—Yes.

*President.*—That of course cannot be obviated by any increase in the import duty because their matches are produced in India and are not imported?

*Mr. Kader.*—That is so.

*President.*—What exactly is the remedy you propose in order to prevent any further decline in the prices?

*Mr. Kader.*—I have nothing to suggest.

*Mr. Mathias.*—In answer to question 53 (c) you say "We have reasons to believe that the foreign manufacturer cannot produce matches at such a low rate and hence they are sending at a lower rate than what they are selling in their home market". Would you mind stating the reasons for your belief?

*Mr. Kader.*—Their labels are in the Indian market for many years past and they are always trying to keep on those labels in India. They may be losing money and they don't mind because they can make money in other countries.

*Mr. Mathias.*—You say you have reasons to believe that they are losing money.

*Mr. Kader.*—On the matches which are sold here for Rs. 2-4-0 in the market we think they are losing money.

*Mr. Mathias.*—What is the reason? Have you got their cost of production?

*Mr. Kader.*—No. As match manufacturers we can roughly make out and say that that is not really the actual cost price.

*Mr. Mathias.*—Can you give us their cost of production?

*Mr. Kader.*—What will be the use?

*Mr. Mathias.*—It will be of great use to us.

*Mr. Kader.*—We cannot give their costs but we know what it must be costing them.

*President.*—How do you know their costs? You have not the experience of business on such a large scale as they have.

*Mr. Kader.*—On the other hand we know what the costs of wood, chemicals, labels and so on are in Japan and what the costs of those things are here.

*Mr. Mathias.*—What does the wood cost in Sweden?

*Mr. Kader.*—I know it is cheaper but I cannot give you the exact figure.

*President.*—They do business on the largest scale in the world; they have the biggest factories; they buy on a very large scale and sell on a proper organized basis.

*Mr. Kader.*—They have got a wastage of about 1,000 tons of timber in Ambarnath.

*President.*—What timber is it?

*Mr. Kader.*—Savar and aspen too.

*President.*—Just now my colleague was asking you about their cost in Sweden; how can you find out what their costs might be?

*Mr. Kader.*—Their matches are sold in other countries at a higher price and are imported into this country at a cheaper price and it shows clearly that they must be losing money here.

*Mr. Mathias.*—Not at all. If I can get Rs. 2-8-0 a gross say in England and if I find that I can only get Rs. 1-8-0 a gross in India I will sell at that rate and yet may make 8 annas profit. I may not be making in India as much profit as I may make in England but still I may not be losing.

*Mr. Kader.*—In the near ports such as Colombo their matches are sold at a higher price: why should their matches be sold in India at a cheaper price?

*Mr. Mathias.*—Obviously the manufacturer will sell at a higher price where he can get it. He finds he cannot get more in India and therefore sells at a cheaper price.

*Mr. Kader.*—It makes us believe that they must be underselling.

*Mr. Mathias.*—That does not follow.

*Mr. Kader.*—That is what I believe.

*Dr. Matthai.*—Underselling whom?

*Mr. Kader.*—They are underselling in the Indian market.

*Dr. Matthai.*—What do you mean by underselling?

*Mr. Kader.*—I mean they are selling below their costs.

*Mr. Mathias.*—You say they are selling here at a lower rate than they are doing in their home market. Could you give us the rates in Sweden? It seems to us as though you have their selling rates in Sweden. It would be useful to us if you could give us their prices in their home market if you have got them.

*Mr. Kader.*—As a matter of fact I know very well that matches made in Japan are sold in that country at a higher price than what they are sold at in this country. You can find that out very easily.

*Mr. Mathias.*—Could you not give us their selling prices in Sweden?

*Mr. Kader.*—I will see if I can get these for you.

*Imported wood supply.*

*Dr. Matthai.*—Going back to an earlier question, you were talking of imported wood from Japan and Poland. The Polish wood is much cheaper, is it not?

*Mr. Kader.*—Yes.

*Dr. Matthai.*—You say "The rate for Japanese wood is 2 yen per c.ft. c.i.f. and for Polish wood it is £8 per ton". If you take yen at the present rate of exchange that will give you Rs. 180 per ton whereas the Polish wood is Rs. 120 to Rs. 125 at the factory. Did you from experience find it cheaper to buy from Poland than from Japan?

*Mr. Kader.*—It is not cheaper but in the long run it is because there is less wastage.

*Dr. Matthai.*—Where exactly does this wood come from?

*Mr. Kader.*—From Poland.

*Dr. Matthai.*—Shipped from what port?

*Mr. Kader.*—I will let you have the details.

*Dr. Matthai.*—Are you still getting it?

*Mr. Kader.*—Yes.

*Dr. Matthai.*—On the figures that you give here the cost of wood from Poland at the factory would be considerably lower than the cost of Japanese wood?

*Mr. Kader.*—When we quoted the cost of Japanese wood was higher; now it is cheaper.

*Dr. Matthai.*—If you take the actual cost of the wood at the factory by how much is it lower now?

*Mr. Kader.*—The cost of the Polish wood including landing charges, etc., is about Rs. 110 at the factory.

*Dr. Matthai.*—And the Japanese wood?

*Mr. Kader.*—We are not importing any Japanese wood now; we are getting all our requirements from Poland.

*Dr. Matthai.*—Since how long have you been getting this wood from Poland?

*Mr. Kader.*—For the last six or seven months.

*Dr. Matthai.*—Do you find any difficulty in getting sufficient supplies?

Mr. Kader.—No.

Dr. Matthai.—How exactly do you arrange this?

Mr. Kader.—We have to order out 100 tons or 200 tons at a time according to our requirements.

Dr. Matthai.—With whom do you deal?

Mr. Kader.—With their agent in Bombay. Some people bring the wood here at their own risk; some of the offices are dealing in Polish wood.

Dr. Matthai.—What offices?

Mr. Kader.—Mr. P. R. Patel of Messrs. Alois Schreger & Co.

President.—What is your proposal concerning protection? Do you wish this duty of Rs. 1-8-0 to be maintained?

Mr. Kader.—Yes.

President.—But I pointed out to you earlier that that would not help you. It has not helped you so far; as a matter of fact prices are going down and you are feeling the competition. Now what is your proposal?

Mr. Kader.—We have got to compete with them and when we see that we have no strength we shall ask Government to protect us or we shall have to go under.

President.—You have got no suggestions to make as to how to enable you to get a higher price?

*Differential excise duty.*

Mr. Kader.—Unless a duty is levied on Ambarnath and a bounty given to the other match manufacturers there is no other way.

Mr. Mathias.—You want a duty to be levied on those factories which are run by foreign capital?

Mr. Kader.—Yes.

Mr. Mathias.—But in that case you will be in the same boat because some of your capital also is foreign?

Mr. Kader.—He is only a working partner and he will go away in a short time.

Mr. Mathias.—But he is a foreigner. If you make a rule that an excise should be levied on all factories managed by foreign capital, it would not really help you, would it?

Mr. Kader.—I don't think so.

President.—Are you putting that forward as part of your claim?

Mr. Kader.—No.

President.—Then you have no proposal to make?

Mr. Kader.—No.

Mr. Mathias.—Except to maintain the present duty of Rs. 1-8-0 and call it protective?

Mr. Kader.—Yes, to see how things are going on. If the prices still go down by two annas or three annas we have to see some other way to make economies and compete with the other manufacturers. Even then if we fail we shall have to shut down our factory.

Mr. Mathias.—Do you think the time has arrived for taking steps to form a monopoly: are you in favour of Government undertaking a monopoly?

Mr. Kader.—Government may take the monopoly or a syndicate should be organized.

Mr. Mathias.—Do you mean Government should manufacture matches.

Mr. Kader.—No. Government should not manufacture matches: the match manufacturers should manufacture matches and Government would sell them or a syndicate should be organized for the sale so that there would be no trouble at all. There was at one time a suggestion made in Japan about a syndicate being organized but then at last the manufacturers came to

terms, they came to an understanding and everybody was dealing in a fair way.....

*President.*—Have you been in Japan recently?

*Mr. Kader.*—No.

*President.*—Then you don't know that in Japan it is said, we don't know whether it is correct or not, that the Swedish Match Company has acquired a very large interest?

*Mr. Kader.*—Yes, and I was told that in Manchuria also they had acquired interest.

*President.*—So that it is difficult for you to protect yourselves against that Company.

*Mr. Kader.*—That is true. In fact I may tell you that we cannot fight against such a big Company. We cannot afford to throw away our money as they do and the best thing for us will be to close down. On the other hand I may tell you that we manufacture hand made boxes and most of these factories have got machines. It is true that it costs us a little more money but we think like this "let the labouring class learn this trade and let them make their living out of this business". That is our motive.

*President.*—It is a very laudable motive but you cannot give effect to it without making somebody else pay for it.

*Mr. Kader.*—What do you mean?

*President.*—The consumer has got to pay a higher price.

*Mr. Kader.*—He does not pay a higher price and it is less profit that comes to us. We are not selfish; we are prepared to give it to the poor people.

*President.*—You yourself said that you have already reduced the wages?

*Mr. Kader.*—We cannot help it; because everybody has reduced wages and we have to follow, but you will understand that they are still making money. Some of the people who had no work before are making 14 annas a day.

*President.*—I am asking you to suggest to us how you can save these people against the people who will manufacture on a large scale with the help of machinery.

*Mr. Kader.*—We cannot save them. It is useless trying.

*President.*—Do you think that a syndicate or a Government monopoly would be the best thing?

*Mr. Kader.*—Yes.

*President.*—Has the Swedish Company tried to form a syndicate here?

*Mr. Kader.*—No.

*President.*—You have not heard that they tried to buy certain factories and get control in others?

*Mr. Kader.*—That was the rumour, but I do not know whether that was a fact or not.

*Mr. Mathias.*—It will be difficult to organise a syndicate amongst the manufacturers, will it not?

*Mr. Kader.*—In everything there is difficulty. Where there is a will there is a way. Nowadays we always find some difficulty or other and I don't think that it is too late to mend.

#### *Formation of a Syndicate.*

*President.*—Monopoly or Syndicate means that all the smaller factories must be closed down.

*Mr. Kader.*—Why?

*President.*—The small factories' costs would be very high, whereas those of the large factories would be low.

*Mr. Kader.*—That point has to be considered. I have not come with my views on those things, but there are several things which can be considered.

*President.*—Didn't you see in the papers what we said last week?

*Mr. Kader.*—No.

*President.*—You did not see it in the newspapers. We gave you an opportunity of forming your judgment, but you did not take the opportunity. What are we to do?

*Mr. Kader.*—I am sorry.

*Dr. Matthai.*—What kind of syndicate is it that you have in mind?

*Mr. Kader.*—The goods manufactured should all go to one hand.

*Dr. Matthai.*—You mean all the matches manufactured by the present manufacturers should go into one hand?

*Mr. Kader.*—Yes, and they should be given full authority to dispose of the goods, and the prices should be fixed from time to time.

*Dr. Matthai.*—At what price will the syndicate buy them?

*Mr. Kader.*—The present price is round about Rs. 1-3-6: if the Ambarnath matches are superior of course the syndicate must give them a reasonable price, say half an anna to one anna more than our matches.

*Dr. Matthai.*—That is to say you must get a price which would give you a fair profit?

*Mr. Kader.*—That is the business of the syndicate.

*Dr. Matthai.*—But how is the syndicate going to buy your matches at a price?

*Mr. Kader.*—The syndicate should buy and sell at a fixed price on behalf of the match manufacturers.

*Dr. Matthai.*—How is the price to be fixed?

*Mr. Kader.*—It should be fixed by the syndicate.

*Dr. Matthai.*—On whose costs are they to base the selling price?

*Mr. Kader.*—We have got to see the market and then dispose of the goods at a certain price.

*Dr. Matthai.*—There will be no market when your syndicate comes into existence.

*Mr. Kader.*—Why?

*Dr. Matthai.*—The syndicate becomes the home market; if the syndicate fixes the price, it is the syndicate's price; there is no market price.

*Mr. Kader.*—I cannot follow you.

*Dr. Matthai.*—If all the manufacturers are to sell their matches to the syndicate.....

*Mr. Kader.*—They should not sell; the syndicate will hold on behalf of the manufacturers and dispose of their matches through their hands.

*Dr. Matthai.*—What is the advantage of it?

*Mr. Kader.*—To whom?

*Dr. Matthai.*—To the manufacturer.

*Mr. Kader.*—There will be no trouble and no competition.

*Dr. Matthai.*—What you are suggesting is that the syndicate should be compelled to buy your matches at whatever price you sell them?

*Mr. Kader.*—They must sell.

*Dr. Matthai.*—Before they sell they must accept it from you.

*Mr. Kader.*—Yes, they will take it at a price which they consider reasonable.

*Dr. Matthai.*—How are they to fix a reasonable price?

*President.*—Supposing a syndicate is formed, and the syndicate is able to get its matches at say one rupee per gross from the most efficient factory, will you be able to sell your matches at one rupee per gross to the syndicate? They cannot give you a different rate for the same quality.



*Mr. Kader.*—When it is in the hands of a syndicate they are able to control the market. The syndicate should keep the matches in their hands on behalf of the manufacturers as their selling agent.

*President.*—How is the syndicate going to fix the price at which matches can be bought by the syndicate?

*Mr. Kader.*—The syndicate will not buy matches. Suppose the consumption in India is 3,000 cases; out of that Ambarnath is to manufacture, say, 1,200 cases, Titvala 300 cases a month and so on. Then the figure comes to 3,000 cases: the syndicate knows that these 3,000 cases can be disposed of by them every month as commission agents. The price will be fixed by the syndicate and the syndicate will dispose of the matches and pay for the matches sold. If any manufacturer turns out more quantity than what has been fixed for him then the syndicate would refuse to take those matches.

*President.*—At what price will they sell these matches? They must have selling price.

*Mr. Kader.*—Yes.

*President.*—Supposing Ambarnath makes better quality matches.

*Mr. Kader.*—They should be paid a better price.

*President.*—But the purchaser might not buy them?

*Mr. Kader.*—Why should they not?

*President.*—Then there is competition.

*Mr. Kader.*—They are buying now. 3,000 cases will be received from all manufacturers: out of that suppose 2,000 is sold out and 1,000 only of Ambarnath remains the syndicate will have to dispose of these first and the buyer is sure to buy these because there are no other matches to be had.

*Mr. Mathias.*—You won't allow him to buy anything else until he has bought these?

*Mr. Kader.*—Of course not, and the manufacturers must have a certain amount of output fixed for them which they should produce every month, and they must not produce more than the quantity fixed.

*President.*—The Ambarnath factory itself can turn out the whole of this to-day?

*Mr. Kader.*—They have not got the capacity.

*President.*—If they work two shifts instead of one it would be quite sufficient, as far as we can see.

*Dr. Matthai.*—Supposing a situation like this arises: Ambarnath is prepared to sell matches to the syndicate at a rupee a gross and their matches are slightly better than yours in quality and therefore the syndicate says they will offer you a price of, say, 15 annas. Now, your cost is, say Re. 1-1-0 and so you cannot afford to sell at 15 annas, what happens then?

*Mr. Kader.*—The syndicate must go into it and find out what is really the cost of manufacture.

*Dr. Matthai.*—There are manufacturers who are efficient, others who are inefficient, there might be manufacturers of all grades of efficiency; whose cost is the syndicate to take?

*Mr. Kader.*—There won't be much difference: there will be a difference of Rs. 2 or 3 or 4 per case and if anybody says their cost is Rs. 10 more the syndicate must not accept it.

*Dr. Matthai.*—Suppose the difference is only Rs. 4 more can the syndicate accept the highest price?

*Mr. Kader.*—The syndicate should not accept the highest price. The syndicate should fix up the prices as follows: say Titvala Rs. 1-3-6, Ambarnath Rs. 1-4-0, Andheri Rs. 1-3-0 or Rs. 1-3-6 and so on. Do you follow me?

*Dr. Matthai.*—I am afraid I don't.

*Mr. Mathias.*—Has this suggestion of a syndicate been considered at all by the match manufacturers?

*Mr. Kader.*—No. There was sometime ago some sort of a suggestion, but it was not done on a proper basis and nothing came out of it.

*Mr. Mathias.*—Who took the leading part in it?

*Mr. Kader.*—Mr. Huseinbhoy Lalji of the Andheri Match Company.

*Mr. Mathias.*—That broke down?

*Mr. Kader.*—Yes.



सत्यमेव जयते

## The Santa Cruz Match Works, Bombay.

(1) *Letter dated 2nd April 1927.*

With reference to your letter dated the 7th ultimo, we enclose herewith our reply to the questions drawn up by the Tariff Board in connection with the enquiry into Match-making Industry.

### REPLIES TO QUESTIONNAIRE.

1. 1924. Private unregistered firm.
2. Rs. 4,00,000; purely Indian concern.
3. We undertake the whole process of manufacture.
4. 1924.
5. Full capacity of 2,500 gross boxes per day.
6. Standard half size matches about 55 to 60 splints in a box.
7. 1924-25, 6,355 of 100 gross each.  
1925-26, 7,493 of 100 gross each.  
1926-27, 6,459 of 100 gross each.
8. At Santa Cruz near Bombay.
- (a) Disadvantageous as raw materials are not easily procurable.
- (b) Factory worked by our steam and gas plants as outside power is not obtainable.
- (c) Near the Bombay market.
- (d) Labour can be had in any quantity as the factory is situated between Santa Cruz and Ville Parle villages and a great deal of work is being paid for on piece-work system. Many labourers are able to put in their spare hours on the factory.

Perhaps the most important factor would be proximity to a big market. Next in importance would be proximity to timber forests suitable for match manufacture. To suit the requirements of the various Indian markets matches are manufactured in various sizes and quality, the prices ranging from Re. 1 per gross to Re. 1-5-0.

9. (a) We do not think that the Indian manufactured matches are inferior to imported matches.

(b) At first people were afraid to buy Indian matches fearing that they would deteriorate in quality during the monsoon but by experience they are gradually finding out that their fear is unfounded.

(c) The present price of imported matches is 4½ pies per box and that of Indian manufacture is 3 pies per box. If this difference is maintained, the industry has the fair chance of holding its own against foreign competition.

10. (a) No, but we did and still do import wood from Japan, as owing to the whiter appearance of the wood imported from Japan, it is easier to sell matches made of same and white coloured wood is not procurable by us, unless at prohibitive prices owing to heavy railway transport charges on same.

11. We import wood from Japan.

(a) Mango, Ambadi.

(b) Sawar and Gugal.

(c) Nil.

12. (a) The colour being darker and the wood being slightly harder, it takes more paraffine in order to obtain good results, but researches have been made and satisfactory wood has been located in Dehra Dun and the Punjab which leads us to hope that if proper Railway transport facilities are given and the research seriously undertaken it will be possible to get both fresher and whiter wood than that which is imported. We feel sure that if proper researches are carried out in the Bombay Presidency forests it would be possible to get suitable timber for the factory.

- (b) Yes.
13. (a) About 1,500 tons.  
(b) About 2,500 tons.
14. About 12 c.ft. per case of 100 gross boxes.
15. The standard sizes 100 gross boxes of matches.
16. From Gujrat district. About 200 to 250 miles from the factory.
17. By hand labour, and transported by carts to the Railway and by rail to Andheri station from where it is brought to the factory in a motor lorry.
18. Annas 8 per cart-load taken out from the forest.
19. Approximately Rs. 40 per 50 c.ft.
20. On payment of fees we are allowed to take as many cart-loads as paid for.
21. We do not get any special concession. Wood of the same species from different localities shows some variation in quality.
22. The trees which are being used for this purpose and which are near the railway station being now nearly consumed, we have to go deeper in the forest for our supplies.
- (a)  
(b) Yes.  
(c) Yes.  
(d)
- 23.
24. Yes, but up to the present no measures have been taken (in view of the large areas of match wood obtainable in different parts of India we do not anticipate there is any likelihood of a shortage in the near future. So far no trees have been planted with a view to use them specially for the match industry.
25. We are getting a special concession on match wood transported from the railways but the freight rates are still prohibitive and unless they are greatly reduced it will not be possible for us to avail ourselves of the timber obtainable in the forests situated at any distance from the factory.
26. The principal raw materials other than wood required for a match factory are:—Paper, Chemicals, such as Chlorate of Potash, Sulphur Paraffine, Oxide of Iron, Red Manganese, Red Phosphorus, Bichromate of Potash, Black Antimony, Sulphide, Glue, etc.
- 27.
28. Glue, Oxide of Iron, Glass Powder are obtainable in India; other chemicals have to be imported from Japan or the Continent.
29. Most of the chemicals are likely to be manufactured in India excepting Sulphur powder provided the Government is willing to support such industries. The raw materials required for the manufacture of these chemicals can be obtained in India.
30.  
31.  
32.
33. When the factory was started we had three Japanese experts to supervise the manufacture of matches. Since the last two years we have been able to dispense with their services and have substituted Indians in their places. The Indian workmen are trained in each separate department by Indian experts and during the time of training they receive a wage of annas 12 per day in order that they may be able to maintain themselves.
34. The total number of workmen in our factory is 1,000; out of these about 500 are women and children. The average rate of skilled male labourer is about Re. 1-8-0 a day. Most of the work is carried out on the piece-work system and the individual earning depends on the skill of each workman, the women and children in some cases earning as much as Re. 1 per day.

35. The labour is drawn from the villages of Santa Cruz and Ville Parle, which are situated within a half of the factory.

36. Unquestionable. We have records in our various departments to show that with a little training the labourer can do as much as three times the work he could do before he was trained.

37. We have put up huts outside the factory limits to accommodate our workmen on a nominal rent. Besides we have rented a pucca built quarters, and we are accommodating a few workers in them free of any charge. Healthy accommodation is also available just outside the factory limits where corrugated iron sheds have been put up after the factory came into existence, for the convenience of the workmen. There are nearly 200 half-time workers (being over 12 years and under 16) employed by us and we had made an application to the Bombay Government for permission to erect a shed on the factory premises with a view to open a school for elementary education for them. The permission was, however, refused by the Government who did not assign any reason for the refusal.

#### *Power.*

38. We generate power used for working our factory from our own steam and gas plants.

39. No electric power is used.

40. Coal is not used but we use wood shaving, bark, waste and dry match wood (which is unsuitable for match manufacture) for the steam boiler and for generating gas for our gas plants. It is available in sufficient quantity.

41. About 75 lbs. of dry wood and wood shaving are required to turn out a case of 100 gross boxes.

42. Same as the price of match wood being about Rs. 40 per ton delivered factory.

43. Yes.

#### *Market.*

44.

45.

46. Bombay which is about 12 miles from the factory, Karachi, Hyderabad (Deccan), Madras.

47. None.

48. (a) At present about two-thirds of total quantity consumed in India are matches of Swedish manufacture, balance being Indian made matches. However the progress in the sale of Indian matches is very satisfactory so far and if it continues in the same way we think it stands a good chance of capturing the markets which are supplied by Swedish goods at present.

(b) Yes. According to the rumours.

#### *Competition.*

49. Sweden and the factories established here by the Swedish-American Trust.

50. Yes, they do compete. It is reported that the legal import duty of Re. 1-8-0 per gross is not levied on imported goods when imported through certain ports and consequently importers are in a position to undersell Indian manufacture.

51. (3) 1924 . . . . Re. 1-12-0.

1925 . . . . Re. 1-11-0.

1926 . . . . Re. 1-4-0 to Re. 1-6-0.

52.

53.

54. (a) Yes. As the machinery is imported, freight duty and other transport charges have to be added on to the cost.

- (b) No. As Indian labour is both cheaper and equally expert.
- (c) Great advantage over the foreign manufacture, as cost much cheaper and very efficient.
- (d) The cost of standing wood is very much cheaper than the cost of imported wood, but the transport charges by rail are comparatively much more than the transport charges on imported goods by sea. However, in spite of this it is possible to get Indian wood delivered at the factory at a third of the cost of imported wood.
- (e) We are using imported raw materials, the cost being higher than the price at which they can be purchased in the country where they are produced.
- (f) The Indian manufactured matches are booked on the Bombay, Baroda and Central India Railway at a special concession rate and the imported matches are again at a disadvantage here; however, there is room for further reduction in the rate and arrangement should also be made with other Railway Companies to give us the same concession.
- (g) The machinery being extremely simple only a negligible stock of spare parts are needed for same. Wood can always be obtained excepting during the four months of the rainy season when it is necessary to carry stocks for the period.
- (h) Import duty has to be paid on the materials that have of necessity to be imported.
- (i) No difficulty in raising Capital for an Industry of this nature.
55. (a) and (e) Appear to be permanent disadvantages for the next two years.

#### *Equipment.*

56. Yes. A factory with a capacity of about 1,000 gross boxes per day could in our opinion be operated economically.

57. About 60 per cent.

58. We have two main Departments in our factory: (1) Box and Splint-making Department, (2) Framing, Tipping and Packing Department. Department (1) is worked by Ruston and Hornsby gas plant 36 B. H. P. The principal machines are:—

- 3 Japanese splint veneering machines.
- 3 Japanese splint chopping machines.
- 1 German (Badische) outside box veneering machine.
- 4 Japanese inside and outside box veneering machines.
- 2 German veneer chopping machines (Badische).
- 12 Outside box making machines (Badische)
- 12 Inside box making machines (Badische).
- 1 Drying chamber.

Department (2) worked by Marshall's steam engine 33 B. H. P.

- 20 Framing machines (Japanese).
- 8 Releasing machines (Japanese).
- 1 Tipping machine (Badische).
- 3 Splint settling machines (Japanese).
- 3 Splint polishing machines (India).
- 2 Paraffine sets (1 Indian 1 Japanese).
- 2 Chemical mixing machines.

59. (a) Yes.

(b) (1) Labelling is done by hand on piece-work system, our rate being 1 anna 6 pies per 1,000 boxes. We have also tried labelling by machine (both Japanese and German) but the cost amounts to about the same.

(2) Filling is done by hand on piece-work system, our rate being 2 annas 3 pies per tray of 200 boxes or Rs. 10-2-0 per case of 100 gross. Probably the filling by machine would be 100 per cent. cheaper.

(3) Gross and dozen packing is also done by hand on piece-work system. The cost per case of 100 gross being about Rs. 2 machine packing would probably be 100 per cent. cheaper.

60. (a) No.

(b) We wish to purchase 5 box filling machines of Swedish manufacture, each costing about Rs. 10,000 including fixing charges.

61. 3 splint polishing drums  
1 space mixing machine  
1 paraffine set operated by steam } made by us in our factory.

*Capital account.*

62. The total value would be about Rs. 5,00,000 including the land which has been in our possession since the last 30 years and which at present would be worth about Rs. 1,00,000.

63.

64.

65. (a) Rs. 1,00,000.

(b) Rs. 1,50,000.

The new factory could probably be erected at a slightly reduced cost owing to the experience we have gained in the setting up and handling of machinery. The working cost would however be about the same.

66.

67. Private unregistered firm.

68. Not a Limited Company. There are no Preference Shares.

69. No Deferred Shares.

70. (a) Nil.

(b) Nil.

(c) Nil.

71. Nil.

72. Nil.

73. Nil.

74. Nil.

75. Rs. 115 per case of 100 gross.

76. Yes.

77. No.

78. No.

*Overhead charges.*

*(i) Depreciation allowed by Income-Tax Office.*

79. Building 5 per cent. Machinery  $6\frac{1}{2}$  per cent.

80. We think that there should be an allowance of at least 20 per cent. to 25 per cent. for depreciation on machinery as owing to the heavy strain it has to undergo when its use wears it out very quickly and it has to be kept in a constant state of repairs which are undertaken locally.

*(ii) Working capital.*

81. (i) About Rs. 2,00,000.

(ii) About Rs. 3,00,000.

82. Not a Limited Company.

83. Nil.

84.

85. About Rs. 75,000 from 15 days to 60 days.

86. It is necessary to hold stock of suitable timber, the average value of the stocks held being about Rs. 25,000.

(iii) *Agents' commission and office expenses.*

87. No, it has no Head Office, but it is a private partnership firm. It is under the control of managing partners who do not charge any commission.

88.

89. The Agents get a share out of the profit of the firm.

90.

91.

92.

93.

94. (a) Yes. There are huge timber forests all over India where suitable wood for matches can be obtained, provided proper facilities can be had for their transport. The wood can be purchased at comparatively very cheap prices but on account of the exorbitant freight charged by the Railway Companies on same, it does not pay to bring the wood from any distance. Power can also be obtained for only nominal charges as the wood shaving bark and dried wood which is practically useless for any other purpose can be utilised as fuel for generating power. Indian labour is possibly the cheapest in the world and it can be had in any quantity required and we are placed in specially advantageous circumstances owing to the situation of our factory as labour can be obtained for same from the villages of Santa Cruz and Ville Parle. On account of the huge population in India there is a great demand for matches and provided the Industry is encouraged and proper facilities are available for exploiting the sundry markets in India there is no doubt that Indian matches will to a great extent replace the imported goods in a few years.

(b) Yes. Unless the Industry is protected it is not likely to thrive. Owing to lack of sufficient experience and heavy cost of transport, Indian factories are unable to turn out matches at cheap prices. Besides the Swedish brands have been established here since a number of years and it is not easy to replace a label that is current in the market except by long and continued persistence.

(c) Yes. After the Indian factory acquires the same experience as that acquired by the Swedish manufacturers and proper transport and other facilities are given, there is no reason why the Industry should eventually be unable to face world competition being so favourably placed in regard to labour which is no inconsiderable item in the cost of match manufacture.

95. (a) Yes. The advantages of large scale production are apparent, as an increasing output requires comparatively a lesser amount of labour. This is particularly noticeable in the overhead charges.

(b) Yes.

96. The outstanding feature is the extremely cheap and abundant labour obtainable in India owing to low cost of living. The climatic conditions are also favourable inasmuch as a continuous and uninterrupted production of matches can be maintained here owing to entire absence of rain during eight months in the year. If equally great facilities could be obtained in transport of match wood, it would perhaps be possible to get same here at even lower prices than match wood obtainable in Sweden and Japan.

97. Re. 1-8 per gross.

98. The present duty of Rs. 150 per case of 100 gross should be maintained. At present there is a difference of about 50 per cent. in the selling price alone of Swedish and Indian matches owing to the good reputation the Swedish goods have gained in this market during the last 15 or 20 years. On the other hand the cost of Indian matches at present is almost the double of the cost of foreign manufactured matches, both on account of heavy transport charges on timber and lack of experience in the method of economic manufacture. It has also been reported that the Swedish manufacturers with huge Capitals to back them are even selling at a loss in the hope of recapturing the Indian markets that are slowly but surely going out of their hands, and are being captured by equally superior and much cheaper Indian matches. In view of



the above, we think that at least the present rate of duty should be maintained.

99. The Railways should be induced to offer very much cheaper freight rates on match wood if foreign competition is to be overcome, as in the face of the extremely heavy transport charges on timber, which otherwise can be obtained very cheap, little can be done in the reduction of the present high cost of manufacture, at least during the course of the next two years. Although slight concessions are given by the Bombay, Baroda and Central India Railway for transport of Indian made matches there is still a great margin for a further reduction in the rates so that Indian manufactured goods with its higher cost of production may to some extent get an advantage over imported goods, and be in a position to hold its own against foreign competition.

## (2) Supplementary Statements.

FIGURES SUPPLIED ON 25TH NOVEMBER 1927.

### No. 1.

The following items in the above factory are paid for on "Piece Work". Payments hereunder indicated being per unit of one case of 100 gross:—

	Rs.	A.	P.
Veneer levelling for splint chopping machine at			
0-0-8 per tray, 40 trays per case . . . . .	0	10	0
Outside boxes As. 8 per 10,000, calculated on			
15,000 boxes per case . . . . .	0	12	0
Inside boxes As. 9 per 10,000, calculated on			
15,000 boxes per case . . . . .	0	13	6
Labelling 0-1-6 per 1,000 boxes . . . . .	1	6	6
Levelling splints, 0-1-0 per cart . . . . .	1	0	0
Framing splints, 0-2-6 per cart . . . . .	2	8	0
Releasing machines, 0-1-3 per cart . . . . .	1	4	0
Match boxes filling at 0-2-3 per tray of 200 boxes .	10	2	0
Dozen packing, 0-0-9 per tray of 42 dozen . . .	1	4	3
Dozen labelling, 3 pies per 2 trays of 42 dozen			
each . . . . .	0	3	3
Gross packing, 3 aunas per 100 bundles of $\frac{1}{2}$ gross			
each . . . . .	0	6	0
Case packing . . . . .	0	5	0
	20	10	0

### No. 2.

*Present cost of safety matches made by the above factory, Unit case 100 gross.*

	Rs.	A.	P.
Aspen wood at Rs. 120 per ton, 13 cubic feet per			
case . . . . .	31	4	6
Outside boxes, As. 8 per 10,000 . . . . .	0	12	0
Inside boxes, As. 9 per 10,000 . . . . .	0	13	6
Splint chopping, including veneering for boxes .	6	11	3

	Rs.	A.	P.
Labelling 0-1-6 per 1,000 . . . . .	1	6	6
Starch, 4 lbs. per case . . . . .	0	9	0
Colour . . . . .	0	3	8
Flour paste . . . . .	0	2	0
Oil . . . . .	0	3	0
Petrol and lorry charges . . . . .	0	9	0
Waste and grease, etc. . . . .	0	4	0
Label brushes . . . . .	0	0	6
Staff at factory . . . . .	3	0	0
Baskets, buckets, mats, tarpaulins and other sundry purchases including replacements of machine parts . . . . .	4	0	0
Levelling . . . . .	1	0	0
Framing . . . . .	2	8	0
Releasing . . . . .	1	4	0
Box filling . . . . .	10	2	0
Dozen packing . . . . .	1	4	3
Dozen labelling, 3 pies per 84 dozen . . . . .	0	3	3
Gross packing, As. 3 per 100 bundles . . . . .	0	6	0
1,225 dozen papers at 0-4-6 per ream of 480 . . . . .	0	11	6
210 gross papers at Re. 1-0-5 per ream of 480 . . . . .	0	11	0
Empty case with nails . . . . .	5	0	0
Oil paper, Rs. 11-12-0 per roll for 25 cases . . . . .	0	7	6
Case packing . . . . .	0	5	0
Side chemical brush, one brush lasting for only two cases . . . . .	0	2	6
Daily wages for overseers and coolies employed for drying, dipping, paraffining including fire- men, etc. . . . .	5	0	0
Labels, small boxes, at 0-3-6 per 1,000 . . . . .	3	4	6
Labels for dozen packets at 14 annas per 1,000 . . . . .	1	1	6
Labels for $\frac{1}{2}$ gross packets at Re. 1-12-0 per 1,000 . . . . .	0	5	6
Chemicals and paraffin . . . . .	12	9	6
Bombay godown charges and staff . . . . .	2	0	0
Selling commission, half anna per gross . . . . .	3	2	0
Interest on outlay . . . . .	4	0	0
Non-agricultural assessment on land . . . . .	0	8	0
<b>Total cost per case of 100 gross . . . . .</b>	<b>105</b>	<b>14</b>	<b>11</b>
Paper rolls for outside and inside boxes . . . . .	2	8	0
<b>Total cost per case . . . . .</b>	<b>108</b>	<b>6</b>	<b>11</b>

## No. 3.

*Estimated Cost of Match Factory with total daily output of 25 cases  
each of 100 gross.*

	Rs.	A.	P.
Land 10,000 yards at Rs. 3 per yard . . . . .	30,000	0	0
Building Shed, Corrugated . . . . .	1,00,000	0	0
Power Engine . . . . .	7,000	0	0

	Rs.	A.	P.
Circular Saw . . . . .	1,000	0	0
5 Veneering machines . . . . .	2,000	0	0
3 Chopping Machines . . . . .	1,000	0	0
Lining and Bottom Cutting . . . . .	500	0	0
12 Inside . . . . .	12,000	0	0
12 Outside . . . . .	12,000	0	0
2 Levelling Machines . . . . .	1,000	0	0
2 Polishing Machines . . . . .	500	0	0
10 Framing Machines . . . . .	8,000	0	0
3 Releasing Machines . . . . .	1,200	0	0
1 Paraffining Machine . . . . .	1,000	0	0
1 Tipping Machine . . . . .	3,200	0	0
1 Drying Chamber . . . . .	5,000	0	0
Glue boiling and Side Chemical Tank . . . . .	1,000	0	0
200 Carts with frame . . . . .	20,000	0	0
Trays with and without compartments . . . . .	5,000	0	0
Steam Engine and Boiler . . . . .	10,000	0	0
Electric Dynamo and Fittings . . . . .	2,000	0	0
Extra Accessories such as Benches, Brushes, Tables, etc. . . . .	5,000	0	0
Work Shop Tools . . . . .	3,000	0	0
Erection charges including foundation, pulleys, shaftings, etc. . . . .	15,000	0	0
Working capital including outstanding . . . . .	2,50,000	0	0
	4,96,400	0	0
One Motor Lorry . . . . .	7,000	0	0
TOTAL . . . . .	5,03,400	0	0

Prices for machinery include  $2\frac{1}{2}$  per cent. duty and  $2\frac{1}{2}$  per cent. clearing and transport charges to site of factory.

In order to arrive at f.o.b. price of machinery at port of shipment, deduct 10 per cent. for freight and shipping charges.

#### No. 4.

*Chemical used in the manufacture of 100 gross boxes of matches in the above factory.*

	Rs.	A.	P.
Iron Oxide, lbs. 4, oz. 2 at Rs. 12 per cwt. . . . .	0	7	3
Manganese, lbs. 4, oz. 2 at Rs. 12 per cwt. . . . .	0	7	3
Glass powder, lbs. 1, oz. 1 at Rs. 10 per cwt. . . . .	0	1	9
Kissel, oz. 15 at Rs. 8 per cwt. . . . .	0	1	1
Sulphur, oz. 12 at Rs. 8 per cwt. . . . .	0	1	0
Bichromate of Potash, oz. $4\frac{1}{2}$ at Rs. 31 per cwt. . . . .	0	1	8
Glue, lbs. 3, oz. 3 at Rs. 30 per cwt. . . . .	0	13	6
Potash Chlorate, lbs. 19, oz. 8 at Rs. 3 per pound . . . . .	4	2	6
Rosin, oz. 3 at Rs. 18 per cwt. . . . .	0	0	4

	Rs.	A.	P.
Paraffin, lbs. 13 at As. 3-4 per pound . . . .	2	11	4
Amor Phos, lbs. 2, oz. 2 at Re. 1-4-0 per pound . . . .	2	10	6
Antimony, lbs. 2 at Rs. 48 per cwt. . . . .	0	13	0
Rouge, oz. 4½ at Rs. 6 per cwt. . . . .	0	0	4
TOTAL . . . . .	12	7	6

No. 5.

Prices of Ambernath Matches in Bombay market reduced as under :—

	Rs.	A.	P.	
September 1924 . . . . .	2	3	0	per gross.
October 1924 . . . . .	2	1	0	
April 1925 . . . . .	1	15	0	with special reduction of As. 2 for malab.
July 1925 . . . . .	1	14	0	
March 1926 . . . . .	1	12	6	
June 1926 . . . . .	1	10	0	Ten thousand cases sold at Re. 1-7.
September 1926 . . . . .	1	7	0	
October 1926 . . . . .	1	6	0	Inferior quality sold at Re. 1-3.
November 1926 . . . . .	1	8	0	for lots under ten cases.
	1	7	9	for lots of ten cases.
	1	7	6	for lots of 25 cases.
	1	7	0	for lots of 50 cases.
	1	6	6	for lots of 100 cases.

Since the above date there has been no appreciable change in price. Our matches have all along sold at annas two to three under Ambernath prices owing to the popular belief that the Ambernath Works being owned by Swedish Match, interests would naturally turn out a better grade article than the Indian-owned factories who were not backed by the knowledge, experience and resources of Swedish manufacturers.

(3) Affidavit of Mr. A. N. Futehally.

I Ahmed Nazarmahomed Futehally, partner in the firm of N. Futehally & Co., part proprietors of Santa Cruz Match Works, hereby solemnly affirm and declare that some time back Mr. Bierman of the Western India Match Company sent for me to his office and there had a conversation with me about the amalgamation of the Santa Cruz Match Works with the Western India Match Company. Mr. Bierman informed me that arrangements had almost been completed with one of the Indian match factories for the taking up of this factory by the Western India Match Company, and as a result of this he expected all the other match factories would shortly follow suit. He proposed that the Santa Cruz Match Works be also amalgamated with the Western India Match Company. After this amalgamation the management would be in our hands under the supervision of the Western India Match Company, and we should get 49 per cent. out of the profit and loss and they should get 51 per cent. He further informed me that as a result of this amalgamation he expected that he would be able to control

all the match factories in Bombay. Then I suggested that there were some Indian factories who were producing second class quality only and as Mr. Bierman's group would be producing first class quality matches, it would not be possible for Mr. Bierman's group to compete with the inferior match producing factories. Upon this Mr. Bierman said that they had a way of dealing with such factories too. When asked to explain what he meant, he said that in order to meet competition of these second class factories he would arrange to produce second quality matches only in a small factory of his own and by underselling he would be able to force the second class factories either to close or amalgamate with his own group.

(4) *Affidavit of Mr. R. N. Futehally.*

I Rasheed N. Futehally, partner in the firm of N. Futehally & Co., part proprietors of The Santa Cruz Match Works, hereby solemnly declare as follows :—

That sometime in or about the year 1923, Mr. Bierman of the Western India Match Co., visited the Santa Cruz Match Works and after going over the factory, proposed that in order to avoid competition, it would be advisable for us to give the controlling interest in our factory, to the Western India Match Co., so that the two concerns may work hand in hand and that our factory may have the advantage of the knowledge and experience of the Western India Match Co. Being asked as to the consequences of our refusal to entertain his proposal, Mr. Bierman was good enough to inform me that the match industry the world over was the birth-right of Sweden and that if they encountered any opposition from us they would make it their business to crush us and that in his opinion the resources of the Swedish Match interests would have little difficulty in making good the threat. I then promised to communicate the proposal to my partners and give him a reply later on.

(Sd.) RASHEED N. FUTEHALLY.

Declared at Bombay, this 28th day  
of November 1927.

Before me.

(Sd.) MERWANJI KAIKHUSRO,

Notary Public,

Bombay.

## THE SANTA CRUZ MATCH WORKS, BOMBAY.

B.—ORAL.

**Evidence of Mr. R. M. FATEH ALLY recorded at Bombay on Thursday, the 24th November, 1927.**

### *Introductory.*

*President.*—You are one of the partners in the Santa Cruz Match Works.

*Mr. Fateh Ally.*—Yes.

*President.*—How many partners are there?

*Mr. Fateh Ally.*—There are two partners. One is Messrs. N. Fateh Ally and Company and the other is Messrs. K. M. Natooon and Company.

*President.*—These are the only two partners.

*Mr. Fateh Ally.*—These are the two firms who own the concern.

*President.*—Before proceeding with your examination, I should like to say a word or two about the kind of answers that we have received from various match works. I think that some of the match works are apparently under the impression that it is not incumbent on them to furnish us with all the information required. It may be that they do not possess the information, in which case of course it may be a matter of criticism as regards their efficiency if they do not have the information at all. On the other hand if they don't furnish us with the information we require, we feel that they are not helping us.

*Mr. Fateh Ally.*—We know that it is to our interests to give you all the information we can. At the same time if you ask us any questions to which I can't give you any answers straightway, I shall have to say "no".

*President.*—I am referring to the written answers. There is one other thing, I think, I must warn the applicants against and that is that they should not exaggerate their costs for this reason that if they do exaggerate their costs of production there would be at least one or two other works who we expect would give us more accurate results and by comparison with them they may suffer, so that it is not altogether to the interests of the applicants to try and make out that their costs are higher.

*Mr. Fateh Ally.*—If they do so, it simply means inefficiency.

### *Costs.*

*President.*—That is my point. In that case we have not enough information to judge whether the costs that you have given are accurate or not and in fact there is not enough evidence to suggest whether the manufacturers themselves know what their real costs are.

*Mr. Fateh Ally.*—I have got here the detailed statement of actual costs and I don't mind your seeing it.

*President.*—It is not a question of my being able to look at it but my being able to understand it. You have not given me the costs up till now except as a lump sum figure for 100 gross and it is very difficult for the Board to judge anything from that.

*Mr. Fateh Ally.*—We take one case as the unit.

*President.*—We gave you two forms to be filled in. I don't mind small factories not complying with the information or giving us all the particulars asked for because they are not expected to possess them but you carry on your business on a fairly large scale and you are expected to know them. We gave you the forms and we gave you the years for which we wanted the information. Take our question No. 75.

*Mr. Fateh Ally.*—You want these costs per unit of one case or what.

*President.*—We have given you two forms. The first is a statement showing total expenditure on the production of matches during the last four years,

that is to say what you spent under the various separate heads as a whole in those years and it is no use giving me only one figure for an unknown year. We wanted costs for two or three years for comparison because you will agree that it is very important for the Board to know whether you are getting more and more efficient as you gain experience.

*Mr. Fateh Ally.*—I can assure you that it was not done with any desire to hide anything from the Board.

*President.*—I don't say that there was any intention or desire on your part to hide anything from us but I am pointing out to you how we are handicapped and how our being handicapped might prejudice your own case.

*Mr. Fateh Ally.*—All the materials that we import—I am speaking now of chemicals, paper, etc.—we simply jumble together in one account.

*President.*—There was no objection to your modifying the form a bit and saying that your costs of chemicals and paper were so much, if you were not able to separate the two. But you have not given us any figures at all. You say that you have got no costing account system. If you make an admission like that, it cannot be to your interests.

*Mr. Fateh Ally.*—Most of our work is done by contract. For instance, frame filling, dipping, etc., all that is done on a contract system. The difference can only come in the matter of overhead charges.

*President.*—All the same you must make payments under those various heads. That being so, is it not necessary for you to know what your costs are under each item?

*Mr. Fateh Ally.*—For instance we calculate our total labour at Rs. 40 a case. When we have to make our half monthly payments, the Cashier asks for Rs. 5,000 or so and we just see how many cases have been made.

*President.*—On what basis have you calculated that Rs. 40 per case?

*Mr. Fateh Ally.*—On the basis of the contracts that have been entered into with people for framing, cleaning, dipping, packing and all that. For instance we give them 2½ annas for packing one tray.

*President.*—You know your costs of labour per gross.

*Mr. Fateh Ally.*—Certainly.

*President.*—It is easy for you to give them to us. Can't you say what the total wages you paid in a year came to?

*Mr. Fateh Ally.*—Yes.

*President.*—Will you be prepared to give us those figures now?

*Mr. Fateh Ally.*—I can send them to you.

*President.*—If we have not got the figures, we cannot ask you questions.

*Mr. Fateh Ally.*—I can give our costs of production per gross or per case, whatever the unit may be.

*President.*—Will you be able to give us figures for three years?

*Mr. Fateh Ally.*—There has been very little variation in the contract rates. When we first started we were paying 4 annas for filling and now as people have become more efficient, they are able to do more work per day and so we have brought down the rate to two annas.

*President.*—That must be reflected in the total cost. Surely that is one of the things we would like to know.

*Mr. Fateh Ally.*—My factory was started in 1923-24.

*President.*—You have got figures for three complete years now.

*Mr. Fateh Ally.*—Yes. What I was going to say was this. If you were to compare these figures with 1921 figures when I first started, you could see the comparison better. At that time, my cost was well over Rs. 150.

*President.*—In your replies to the questionnaire, you say that you started in 1924.

*Mr. Fateh Ally.*—This partnership with K. M. Natoon was formed only in 1924, but before that we were doing business since 1921.

*President.*—If you are able to show that in 1921 your costs were over Rs. 150 and that in 1926 you have been able to bring your costs down to Rs. 115 or Rs. 110, it would be very useful to us.

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—In 1921, you were simply dipping.

*Mr. Fateh Ally.*—Yes.

*President.*—Then, we don't want the costs of dipping.

*Mr. Fateh Ally.*—At that time that was the work that was done in the country.

*President.*—We want your costs since you started manufacturing matches in the country.

*Mr. Fateh Ally.*—I could let you have them to-morrow.

*President.*—In the forms appended to the questionnaire?

*Mr. Fateh Ally.*—Yes.

*President.*—Now we will go on with your other answers. You say that you have got a capital of Rs. 4,00,000. That I take it includes the working capital.

*Mr. Fateh Ally.*—Yes, at present it is only Rs. 3,00,000.

*President.*—As regards the process of manufacture, you don't manufacture entirely by machinery.

*Mr. Fateh Ally.*—Except the filling which we do by hand labour, we manufacture everything else by machinery.

*Dr. Matthai.*—Your labelling is done by hand, is it not?

*Mr. Fateh Ally.*—Yes.

*President.*—And painting also?

*Mr. Fateh Ally.*—Yes.

*President.*—What about drying?

*Mr. Fateh Ally.*—We have got a drying chamber which we imported from Germany, but it is not very satisfactory. Especially in the hot weather, it is not necessary at all.

*President.*—On the whole, it is done by hand.

*Mr. Fateh Ally.*—Yes.

*President.*—And packing also is done by hand.

*Mr. Fateh Ally.*—Yes.

*President.*—You use machinery for cutting, peeling, chopping and box making.

*Mr. Fateh Ally.*—Yes.

#### *Box-making.*

*President.*—Are all your boxes made by machinery?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—Have you tried making boxes by hand?

*Mr. Fateh Ally.*—Yes, we have. There is not so much wastage in box making by hand as when we make it by machine, because in the latter case if there is a single veneer which is slightly uneven or where the lining is not properly done, three or four boxes—one after the other—are spoilt. But the cost of making boxes by hand is 12 annas per 1,000 whereas the cost of box making by machine is 8 annas per 10,000.

*President.*—I am glad that you are able to give us some figures. Is not that rather due to want of experience on the part of workmen and perhaps due to machines being run too fast?



*Mr. Fateh Ally.*—However efficient the workmen may be, the wastage will occur. Take the case of Bombax wood that we use. There is a natural twist in the trunk of the tree and then when you have the veneers cut and get them lined it is impossible to get good results out of that.

*President.*—How many boxes do you turn out in a minute?

*Mr. Fateh Ally.*—On 12 machines during the day we get about 24 cases or 2,400 gross.

*President.*—That is 200 gross a machine.

*Mr. Fateh Ally.*—Yes.

*President.*—How many hours do you work?

*Mr. Fateh Ally.*—8 hours.

*President.*—That is only about 60 boxes a minute on an average.

*Mr. Fateh Ally.*—Yes, but we consider that very good work.

*President.*—That is not very fast. The wastage you think is rather due to defects in the wood.

*Mr. Fateh Ally.*—Yes. For instance, on the 24 cases, we get 400 lbs. per day which are merely droppings from the machines. These we are able to sell to people who are making boxes by hand.

*Dr. Matthai.*—Are there people who would use this refuse for making boxes?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—What sort of people are they?

*Mr. Fateh Ally.*—Small concerns making boxes by hand.

*Dr. Matthai.*—Are there small concerns of that kind in Bombay?

*Mr. Fateh Ally.*—There are. There is one hand factory in Bandra.

*Dr. Matthai.*—Do you mean a cottage factory?

*Mr. Fateh Ally.*—Call it whatever you like. The small man buys the splints that we cannot use at 2 annas a lb. and fills the boxes.

*Dr. Matthai.*—Do they do the dipping?

*Mr. Fateh Ally.*—They are dipped splints, that have dropped down from the relasing machine. These soiled splints we don't use and we sell them out at 2 annas a lb. The small people who buy these splints repack them in boxes made by hand and sell them.

*Mr. Mathias.*—Is that an industry carried on in their our houses?

*Mr. Fateh Ally.*—I have no idea.

*Dr. Matthai.*—Are you able to sell all your rejections?

*Mr. Fateh Ally.*—Yes; in fact there is keen competition to get hold of them.

*President.*—In course of time, don't you hope to get rid of the wastage and to have less and less waste?

*Mr. Fateh Ally.*—I think that to entirely eliminate the waste from the machine process is impossible.

*President.*—I think that the wastage is about 20 per cent.

*Mr. Fateh Ally.*—It is 400 lbs. on 24 cases; each case weighs about 170 lbs.

*Dr. Matthai.*—That is including splints and veneers?

*Mr. Fateh Ally.*—Only veneers.

*Mr. Mathias.*—How many boxes go to a lb.?

*Mr. Fateh Ally.*—125, both outside and inside.

*President.*—That works out to about 10 per cent., is it not?

*Mr. Fateh Ally.*—Yes, it would be about that.

*President.*—In that 10 per cent. wastage you recover something, do you not?

*Mr. Fateh Ally.*—Something very nominal; we get an anna a lb. for that.

*President.*—What is the wastage in hand made boxes?

*Mr. Fateh Ally.*—There is no wastage; they are able to use every bit unless the strip is broken. However crooked they may be, they are all used up.

*Labelling and filling.*

*Dr. Matthai.*—You still do your labelling by hand although you have a machine?

*Mr. Fateh Ally.*—We have a machine but that is not satisfactory; at least there is no saving in cost.

*Dr. Matthai.*—So the actual labelling done by hand is more satisfactory, than that done by machine?

*Mr. Fateh Ally.*—Yes. Now that these women have got used to hand labelling the practice is quite good and there is not much choice between the two.

*Dr. Matthai.*—You don't think that there is any advantage in getting that work done by machine?

*Mr. Fateh Ally.*—At least with the German machine that we use, there is no advantage.

*Dr. Matthai.*—With regard to filling you think it would be distinctly more advantageous to use machine?

*Mr. Fateh Ally.*—We pay Rs. 10-2-0 for filling per case of 100 gross and it can be done at about Rs. 3 a case on a machine.

*Dr. Matthai.*—Then why don't you do it?

*Mr. Fateh Ally.*—We do not know where we are; this duty is not a protective duty. It is only a revenue duty which may be taken off at any time.

*Dr. Matthai.*—Is it a very expensive machine?

*Mr. Fateh Ally.*—It costs Rs. 15,000 and it will fill only 5 cases a day.

*Dr. Matthai.*—This is a German machine, is it?

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—You would instal the machinery if the duty was declared a protective duty?

*Mr. Fateh Ally.*—Yes. This industry has been started in the country simply because of this duty, but nobody knows how long this duty is going to be kept on so the whole thing has been built up piecemeal. There is not a single factory here; so far as I know, that has been started with the idea of continuing or has been set upon a permanent basis. Now if we were to know that this duty would be protective, I think there would be many people who would go in and put up veneer factories right in the forest.

*President.*—You now only make half size, I take it?

*Mr. Fateh Ally.*—Yes.

*President.*—You have not attempted making any other size?

*Mr. Fateh Ally.*—No.

*President.*—Your full capacity according to your figures will be about 750,000 gross per year?

*Mr. Fateh Ally.*—About 6,000 cases a year or 6 lakhs gross.

*President.*—You have already exceeded that; you have reached your full capacity.

*Mr. Fateh Ally.*—After that we had a fire in the factory. I am talking on my present figures. We are now making 2,500 gross a day.

*Dr. Matthai.*—You are working up to your full capacity now?

*Mr. Fateh Ally.*—Yes, but we can do more.

*Dr. Matthai.*—I find from your output figures that in 1925-26 you worked up to your full capacity and in 1926-27 your output showed a slight decline.

*Mr. Fateh Ally.*—That was before the fire but this was manifestly due to a drop in the price of matches so we did not care to push the factory to its extreme.

*Dr. Matthai.*—When you dropped your output to 2,500 your expenditure must have gone up to some extent?

*Mr. Fateh Ally.*—Overhead charges we calculate at about a rupee a case.

*Dr. Matthai.*—What do you mean by overhead charges?

*Mr. Fateh Ally.*—Establishment.

*Dr. Matthai.*—Does it include depreciation?

*Mr. Fateh Ally.*—No, only the salary of the people who are engaged in the factory.

*Dr. Matthai.*—When the fire occurred it brought your production to a much lower figure for some months?

*Mr. Fateh Ally.*—That practically stopped our production.

*Dr. Matthai.*—When exactly was this fire?

*Mr. Fateh Ally.*—In May. Before the fire we had 12 frame filling machines and they were all destroyed. After about 15 days or so we started with four machines that had been condemned by us but which were lying in the godown. We started using them again. We have imported new machines so that we have got 8 frame filling machines now.

*President.*—Do you work them by power or by hand?

*Mr. Fateh Ally.*—By power.

*President.*—Do you have different qualities in your matches?

*Mr. Fateh Ally.*—The only different quality we have is the "Pistol" brand which is impregnated: whereas others are not impregnated that is the only difference.

*President.*—Is there much difference in the cost?

*Mr. Fateh Ally.*—The cost I think is  $1\frac{1}{2}$  annas per gross more.

*President.*—For impregnation?

*Mr. Fateh Ally.*—No, impregnation is only about 3 pice more per gross.

*President.*—Do you get a better price?

*Mr. Fateh Ally.*—Yes.

*President.*—You are getting 3 pice more for the impregnated matches.

*Mr. Fateh Ally.*—As regards the selling price we are getting  $1\frac{1}{2}$  annas more.

*President.*—It costs you 3 pice to impregnate your matches.

*Mr. Fateh Ally.*—Yes, and it costs an extra pice for filling. As these matches are sold locally in competition with Swedish matches we have to see that all the heads are packed on one side and we have to pay a little more for that extra.

*President.*—Therefore you only get half an anna more nett?

*Mr. Fateh Ally.*—Half an anna to one anna more on this special brand.

*President.*—That is the only difference?

*Mr. Fateh Ally.*—Yes.

*President.*—Your matches are all made out of aspen?

*Mr. Fateh Ally.*—Yes.

*President.*—And the boxes are made out of Indian wood?

*Mr. Fateh Ally.*—Yes, they used to be made out of bombax but since the fire we have been using aspen.

*Dr. Matthai.*—Do you get a better price for that?

*Mr. Fateh Ally.*—No, because the whole thing is wrapped up in paper. I don't think bombax makes any difference.

*President.*—You do not make any sulphur matches, do you?

*Mr. Fateh Ally.*—No.

*President.*—You say the prices range from Re. 1 to Rs. 1-5-0.

*Mr. Fateh Ally.*—Yes, that is the selling price. Sometime back we started to pack the refuse which sold at Re. 1 a gross. It very often happens that when the matches are put into the frame two splints get into one hole and therefore the heads come together and when they are put into the composition

they are dipped together with the result that when you separate them you find that there is composition on three sides and one side there is no composition. So we used to put these apart and pack them under a separate label and they were selling at a rupee.

*President.*—You used to sell them with your own name on it?

*Mr. Fateh Ally.*—We had a label only with no name of the maker?

*President.*—But on the others you have your name?

*Mr. Fateh Ally.*—Certainly.

*President.*—What I wish to know is, does the consumer really get the benefit of the difference in price? An ordinary consumer pays a pice for his box whether it is first quality or second quality.

*Mr. Fateh Ally.*—Personally I cannot imagine why they go and pay a higher price.

*President.*—They do, don't they?

*Mr. Fateh Ally.*—Yes.

*President.*—It simply means this that somebody takes advantage of the ignorance of the consumer—I am not suggesting that you are doing it because you are selling at a lower price—but somebody takes advantage.

*Mr. Fateh Ally.*—Certain labels have established their reputation; for instance, who do people go and buy “tiger” brand or “ship” brand Swedish matches although they pay double the price that they would have to pay for an ordinary good match?

#### *Sale of matches of inferior quality.*

*President.*—That is because these brands are Swedish. I am talking of Indian matches. When you do not get any benefit out of these yourselves, when the consumer does not get any benefit out of it, it does seem to me that there is something wrong there, either the manufacturers want to push into the market any quality they can produce by paying a higher commission or somebody is making more money.

*Mr. Fateh Ally.*—There is no advantage in producing an inferior quality of matches. You can sell that only once. As soon as a brand acquires a reputation that the matches of that particular brand do not strike or break easily, that is finished.

*Mr. Mathias.*—Does not the retailer make a bigger profit on inferior matches? He sells both matches at 1 pice a box whether they are impregnated or not?

*Mr. Fateh Ally.*—That has been so. Before this duty came in we were importing very large quantities from Japan and there were three qualities and though in the purchase price there was a lot of difference in the retail price there was not much difference.

*Mr. Mathias.*—So that it is to the interest of the retailer to sell as many cheap matches as he can; the poorer the matches the greater the profit?

*President.*—Would it not be to the interest of the industry itself not to sell such matches so that their better class of matches may have a bigger sale?

*Mr. Fateh Ally.*—There is a class of buyer here who wants the cheapest.

*President.*—What buyer do you mean?

*Mr. Fateh Ally.*—Take the case of a consumer.

*President.*—But the consumer does not get it cheaper?

*Mr. Fateh Ally.*—He gets the match he wants. If he can get two for a pice he would prefer it.

*President.*—But he does not get two for a pice. If he does not then what is the point in the manufacturers damaging their reputation in the market.

*Mr. Fateh Ally.*—We do not purposely turn out inferior brands. Even in the aspen wood we sometimes come across timber which is of a dark colour so that we have got to pack them under a separate mark. There is nothing

wrong with the chemical composition of the match; it will give as good a light as the other match, only the colour is not good.

*President.*—You would not do it purposely.

*Mr. Fateh Ally.*—We have to do it.

*President.*—You do not do it intentionally.

*Mr. Fateh Ally.*—I don't.

*President.*—You can conceive of a case where you have got a market for that class of material which is really encouraged by the better class manufacturers, and then it becomes somebody's business to start a tiny little factory and produce this rubbish and sell it in competition with better class matches and make more profit by getting more or less the same price or slightly less. What I am suggesting to you, therefore, is, whether it is to your interest to produce such matches at all?

*Mr. Fateh Ally.*—There is a difference between an inferior match and a match that has only an off-colour splint.

*President.*—I am not talking of that, I am talking of the ordinary stuff that is sold; it may have bad heads, it may be bad wood, it may be bad boxes or it may be bad in every respect.

*Mr. Fateh Ally.*—I cannot speak for others but in our factory we have just one chemical composition for everything. Of course in the monsoon we make a slight difference in order to meet the climatic conditions but otherwise throughout the year there is one composition for all labels.

*President.*—Is it your contention that there is a class of consumer thoroughly used to bad matches?

*Mr. Fateh Ally.*—I am afraid I must say so. I can tell you from my experience as an importer of matches before we started manufacture that the largest demand is for the inferior matches.

*Dr. Matthai.*—As far as the ordinary consumer is concerned, take the first quality match, half size; the *birwala* or whoever else sells to the consumer charges a pice for that. Then there is a third quality for which also he charges the same price.

*Mr. Fateh Ally.*—He will sell three for 2 pice.

*Dr. Matthai.*—For the second quality?

*Mr. Fateh Ally.*—I don't know what the retail price is now.

*President.*—Would he pay such a big difference between the first quality and the second quality. That is to say the consumer gets the first quality match at a pice per box; would he get the second quality at 2 pice for 3 boxes?

*Mr. Fateh Ally.*—Here as we are using all aspen wood—and wood is the most important thing—that makes the difference. In Japan for the first quality they use aspen splints and aspen boxes. Then there is another kind of wood which is called shenagi which is very much cheaper, about 60 per cent. of the price of aspen, out of which you can get quite good quality boxes, and that is used for the second quality and third quality. You can use it for splints also but the splints will be discoloured. The cheaper qualities of matches from Japan before this duty came in found the largest sale here.

*President.*—I am really talking about your statement here that there are various qualities that you sell and that the prices range from Re. 1 to Rs. 1-5-0 per gross. Is the difference in the price between your best quality and your worst quality a difference of only 5 annas at the factory?

*Mr. Fateh Ally.*—My cheapest quality is not one rupee a gross, but in order to get rid of the refuse at the factory we have to dispose of it at that rate. This quality costs me the same as the other to manufacture; it is simply because we have got to get rid of it at any price we can get, that we sell it at one rupee.

*President.*—The cheapest quality that you put on the market is sold at the factory for a rupee and the best at Rs. 1-5-0. That difference at the consumer's end will not show itself in so big a difference as half a pice, will it?

*Mr. Fateh Ally.*—It cannot.

*President.*—Therefore both these boxes will be sold at one pice?

*Mr. Fateh Ally.*—Yes, by the retailer. As I said, the retailer may sell a good quality match at a pice per box and the inferior quality at 3 boxes for 2 pice.

*President.*—What generally happens is that every kind of box is sold at one pice in the actual bazar.

*Mr. Fateh Ally.*—Are you referring to the Bombay market?

*President.*—Yes.

*Mr. Fateh Ally.*—It is a market for a better class of matches than the up-country market.

*President.*—Take the kind of market where your boxes are generally sold.

*Mr. Fateh Ally.*—My “pistol” brand matches are sold in Bombay in the *pan* or *biri* shops, but the other one rupee matches are not sold in Bombay.

*President.*—Where are they sold then?

*Mr. Fateh Ally.*—They must be going upcountry.

*Dr. Matthai.*—The point is this. If all these half size matches are being sold to the consumer at a pice per box, then it seems to me that it is to the consumers’ interest to buy the best quality rather than the worst quality, because he is going to pay the same price in any case. Although some manufacturers may try occasionally to spoil the market by putting bad matches the interest of the consumer will see to it that that class of manufacturer is not able to go on with that because the consumer has got to pay the same price.

*Mr. Mathias.*—You were saying that there is a class of consumer who prefers inferior matches. I would put for your consideration another aspect of the case. It is not that the consumer prefers bad matches but that it is to the interest of the smallest retailer to sell these inferior matches because he gets a better commission.

*Mr. Fateh Ally.*—I am not very well acquainted with the retail part of the business.

*Mr. Mathias.*—It stands to reason that the price being the same everybody would prefer the better article. The reason why Indian match has got in the past a bad reputation might possibly be attributed to the fact that it had been to the interest of the smallest retailer to push the sale of the worst Indian match and therefore those matches being put on the market brought the Indian matches into disrepute, it is perhaps for that reason the difference between the price of Indian matches and imported matches is so great.

*President.*—Even to-day!

*Mr. Fateh Ally.*—That is because of the old established reputation of the labels.

*President.*—It is not a question of labels just now.

*Mr. Fateh Ally.*—They have been using the “tiger” brand and the “ship” brand, for example for years and they won’t look at anything else.

*President.*—They are a better class of consumers?

*Mr. Fateh Ally.*—Yes.

*President.*—The ordinary man who buys his pice worth of *biris* and a box of matches does not care whether it the “ship” brand or the “tiger” brand; he does not even look at it very often.

*Mr. Fateh Ally.*—I do not know. I think the people in Bombay know what they are buying, otherwise how do you explain this demand?

*President.*—It is not cheaper but the man who sells them has nothing else to sell. What would you do supposing you wanted to buy a match in a place where you could not get your own “pistol” brand and you were offered a different brand of match? You would have to buy anything you could get.

*Mr. Fateh Ally.*—That is true.

*President.*—That is what really happens in villages.

*Dr. Matthai.*—Would you go so far as to suggest that Government should do something to ensure the quality of Indian matches? I don’t say that it

is possible to do it but if it were possible, could you say, in the interest of the more efficient factories, that it should be done?

*Mr. Fateh Ally.*—Each manufacturer in his own interest must look to the quality of his goods because they are all sold under a distinct label and if anybody monkeys with the quality he will have no sale.

*Dr. Matthai.*—You take the case of a manufacturer in your position. You produce matches on a fairly large scale; you use up to date methods and you are aiming at a high standard of efficiency. If you find that there are lots of the people who do not have the same regard for efficiency and put shoddy products on the market, would not that affect your position? If the match industry is going to have a future in the country at all, is it not necessary to safeguard manufacturers who have some regard for efficiency from that kind of unfair competition or would you rather leave that to be worked out by economic forces?

*Mr. Fateh Ally.*—I would prefer the latter.

*President.*—The difficulty is that the ordinary Indian consumer is ignorant; he does not know. It is his custom to buy bad matches and he goes on buying them. In the case of any other article which is of some importance to him by way of food or clothing, he may be more particular, but in the case of matches he does not care what he gets.

*Mr. Fateh Ally.*—If he goes on buying like that, does it not necessarily follow that the thing that he buys serves his purpose? Supposing he buys a shoddy match, he will only buy if he is able to light his *biri* or *cigarette* with it; if he does not, next time he won't buy that brand.

*President.*—That is true, but it does seem to me strange that people who ought to get one rupee per gross should get Rs. 1-5-0 or Rs. 1-8-0 or even more.

*Mr. Fateh Ally.*—You mean the seller?

*President.*—Yes. Don't you consider that there is some sort of economic waste in business carried on on those lines?

*Mr. Fateh Ally.*—I look at it this way. The main purpose of the match is to be useful for getting a light, to light your fire, your *biri* or anything of that kind, and as long as it serves that purpose I think that the man gets the full value for his money.

*President.*—He doesn't in this case.

*Mr. Fateh Ally.*—If he cannot discriminate between the two what are the manufacturers to do?

*Mr. Mathias.*—You were putting forward the view just now that certain labels, whether of imported matches or Indian made matches, are very much more popular than others. Now you say that the consumer does not really mind what kind of matches he gets?

*Mr. Fateh Ally.*—If the thing is left to the consumer surely he ought to be able to find out what is good and what is bad. If he buys an inferior article or a poor quality of matches and if he can get a light out of it and if he is satisfied with that, why should anybody else bother about it?

*Mr. Mathias.*—I suppose there are over 100 different labels in India. Do you think that the consumer buys a box of matches looking at a particular label?

*Mr. Fateh Ally.*—Otherwise how is it that we get repeat orders for certain particular labels. People come to us and say that they want only "pistol" brand and if we give them another brand they won't take it. The agent will only buy from the manufacturer those brands which he is able to sell readily and if the orders from him are for the pistol brand and if I give him another brand, he won't take it.

*Mr. Mathias.*—I think he will only order from the manufacturers those brands which he can sell at the maximum profit.

*Mr. Fateh Ally.*—That is human nature.

*Mr. Mathias.*—It may pay him to sell 100 cases at a lower price than 50 cases at a higher price. So, is it not correct to say that a good deal depends on the retailer? When I go to a very small *biri* shop and ask for a packet of matches they always sell me Swedish matches, but if I want to buy one box of matches they always sell the very inferior match.

*Mr. Fateh Ally.*—He will only sell that brand out of which he can make the most profit.

*Mr. Mathias.*—So that a good deal depends on the retailer.

*Mr. Fateh Ally.*—When you go and buy a box it does not matter to you which kind you buy as long as you get a good match—I am talking of the man in the street, but of course I am not talking of Bombay, I am talking of the upcountry market. There are certain villages where they are used only to the “goat” brand; they won’t have anything else. If you offer them “horse” brand they won’t look at it.

*Mr. Mathias.*—They would use whatever the retailer tries to foist upon them.

*Mr. Fateh Ally.*—If he is told that the retailer has nothing else but a particular brand he will of course have to take any brand that is offered, and once he is satisfied with it he will always have it.

*Mr. Mathias.*—If the village retailer was supplied with a “camel” brand on which he was able to make much more and discarded the “goat” brand then would he be able to sell the “camel” brand?

*Mr. Fateh Ally.*—Provided always that it served the purposes of a match.

*President.*—That is what is happening by competition between all these factories.

*Mr. Fateh Ally.*—I don’t think that the quality has gone down. At least we have never thought of deteriorating our quality in order to be able to reduce our price.

*Mr. Mathias.*—You sell a good deal of your refuse which cannot be sold as first class matches, don’t you?

*Mr. Fateh Ally.*—The refuse that we sell has cost us exactly the same amount of money that our best quality matches have cost us. It is only because these splints have dropped down from the machine and have become soiled, that we sell them at a lower price.

*Mr. Mathias.*—Your matches may be good but we found in one or two factories in Calcutta that the undipped splints which were either broken or bent or were rejected by the selecting machine were put on the market and were then purchased by small people who dipped these splints and put them into hand made boxes. These matches must be of very inferior quality and these are the matches that would bring the Indian matches into disrepute.

*Mr. Fateh Ally.*—I have got a stock of 200 cases of splints which dropped from the machine. I am not using them. I sold some to outsiders but now they say there is too much wastage in using these and we have stopped selling them.

*Mr. Mathias.*—Every manufacturer is not quite so scrupulous as you are!

*Mr. Fateh Ally.*—I think it is a dead loss to the factory to go and use these splints. First of all ordinarily, as you know, 12 carts go to the making of a case and we have to pay the frame releasing people on the basis of so much per cart. If you use waste splints you would require 20 or 22 carts for making a case because a lot of them would drop out again from the machine and the frame is only half filled.

*Mr. Mathias.*—I was referring to the factories which did not even go in for machine filling, but where every splint has to be put into the frame by fingers.

*Mr. Fateh Ally.*—Probably it would pay such a manufacturer.

*President.*—Cannot you conceive of conditions under which competition may become so keen by the erection of very small factories that you also may be compelled to deteriorate the quality of your matches—when you know that



there are a class of people in this country who will buy cheap matches as long as they are matches? Look at some of our other industries. When there is a market for one class of commodity and the profit is more there is the first manufacturer, then the second comes in, then the third and then the fourth and so on until everybody complains that there isn't enough business.

*Mr. Fateh Ally.*—There will always be a buyer for a good match.

*President.*—The buyers of good matches are fewer; so in that way don't you think that if no attention is paid to the maintenance of the same standard of quality eventually India may produce a very large bulk of bad quality matches?

*Mr. Fateh Ally.*—Those matches won't sell. I don't call a match a rotten match because it is made of off-colour splints.

*President.*—Nor do I?

*Mr. Fateh Ally.*—I say as long as a match satisfies the main purpose for which it is made, that is for lighting your cigar or getting a fire in the stove, it is a good match. Then the quality does not suffer. But if, for instance, I were to produce 20 cases out of the amount of chlorate of potash required for the manufacture of 10 cases of matches only and thus reduce my cost, that would be a rotten match. I say that that business would kill itself.

*President.*—It may kill better business.

*Mr. Fateh Ally.*—The man who buys the match and keeps it for a month and then finds that the match won't strike, won't buy that brand again.

*Dr. Matthai.*—I suppose that the real difference in quality depends partly on the chemical composition and partly on the sort of wood used. If your splint is not strong it breaks. Supposing there was increased adoption in this country of Indian wood for splints that would straightaway deteriorate the quality of the matches, would it not?

*Mr. Fateh Ally.*—It would unless we get wood from Kashmir. The Kashmir wood is fully equal to the best aspen.

*President.*—I am coming to that. On the point Dr. Mathai was asking you, supposing the manufacture of matches spread throughout the country and it is found profitable to make matches out of all available kinds of wood, is not there a risk to the industry of the matches ultimately deteriorating a great deal?

*Mr. Fateh Ally.*—Unfortunately I cannot see eye to eye with you. My idea is that if the quality is not good, if the splint breaks, that label is doomed. It won't find a repeat sale.

*President.*—In answer to question 9 you say your present price of imported matches is 4½ pies per box and that of Indian manufacture is 3 pies per box. Then you say that if this difference is maintained, the industry has a fair chance of holding its own against foreign competition. That is to say, Indian matches must continue to sell at 1½ pies below foreign matches, is that right?

*Mr. Fateh Ally.*—That is what it comes to. But it does not mean that there is no hope that ultimately we should be able to get the same price as Swedish matches.

*President.*—In the earlier part of your answer you say you don't think Indian manufactured matches are inferior to imported matches.

*Mr. Fateh Ally.*—I call a match inferior or superior according to its lighting quality.

#### *Period of protection.*

*President.*—But still you think that at any rate in the near future, unless this difference is maintained, the Indian Match industry would not be able to compete?

*Mr. Fateh Ally.*—These Swedish people have had a run of the market for a number of years and their brands have become thoroughly known. At the

same price naturally there would be disinclination on the part of the Indian buyer to come and buy Indian matches. But I say that if the industry goes on for a few years more, there is no reason why our matches should not sell at the same price as Swedish matches.

*Dr. Matthai.*—How long do you want this duty of Rs. 1-8-0 to be enforced?

*Mr. Fateh Ally.*—I as a manufacturer would say the longer the better.

*Dr. Matthai.*—Now you have three or four years' experience of making matches on a fairly large scale. You say unless this difference is maintained, it is impossible for you to stand. I am asking you how long do you want the duty to stand.

*Mr. Fateh Ally.*—You mean, so that we may be able to compete afterwards?

*Dr. Matthai.*—Yes. After all if your industry is going to be an established industry in India ultimately you must be able to stand without protection. When do you expect that time to arrive? The general rate of import duty in India is 15 per cent. now. When would the time come when it might be possible to reduce the duty on matches from Rs. 1-8-0 to 15 per cent?

*Mr. Fateh Ally.*—I cannot answer the question. It is a very difficult question because the Swedish manufacturers are a huge Trust. They have got several markets in Europe in hand. For example they have lent to the Greek Government 10 million Pounds on condition that they are to have a monopoly of the Greek market till the loan is repaid. They offer to sell these matches here at Rs. 75 c.i.f. that is 12 annas a gross.

*Dr. Matthai.*—Do you mean half size?

*Mr. Fateh Ally.*—Yes. I cannot turn out my matches at that price. They pay freight on the thing and bring the stuff here and sell at Rs. 75. They are selling them at a loss here and making that up in the markets where they have a monopoly.

*Mr. Mathias.*—In some years time you will probably be able to produce at 12 annas a gross?

*Mr. Fateh Ally.*—I might do that if I use Indian wood.

*Mr. Mathias.*—Supposing the duty is made protective and you put down more machinery and adopt the most up-to-date methods of manufacture, would you then be able to reduce your costs?

*Mr. Fateh Ally.*—Certainly.

*Mr. Mathias.*—In the course of the next five years, you would reasonably expect to reduce your costs.

*Mr. Fateh Ally.*—I hope to bring it down to Rs. 75. Supposing I do it and then this huge company decide to make a further loss of Rs. 25, that is, by reducing their price to Rs. 50, where am I? So that question I cannot answer now. I do not know to what extent these people would be willing to reduce their price.

*Mr. Mathias.*—That is a somewhat different point. Supposing there was fair competition and that there was no question of undercutting or selling at a loss in this country; You say that at present the Trust can afford to sell their matches at Rs. 75.

*Mr. Fateh Ally.*—I don't say that they are doing so at a profit.

*Mr. Mathias.*—Let us assume so. It seems to me that if you are able to put in more new machinery—if the present duty is declared a protective duty, it will be worth your while to put in the latest machinery—with your workmen getting more experienced year after year, it might be possible in the course of the next four or five years to reduce your costs to Rs. 75.

*Mr. Fateh Ally.*—It is possible.

*Mr. Mathias.*—That is to say, if there was no unfair competition, you might reasonably expect this industry within a measurable period to be able to stand against foreign competition.

*Mr. Fateh Ally.*—Certainly.

*Dr. Matthai.*—What do you mean by a measurable period?

*Mr. Fateh Ally.*—At least five years.

*Dr. Matthai.*—Provided there is no unfair competition from those people.

*Mr. Fateh Ally.*—Yes, but I as a manufacturer cannot call it unfair competition. If somebody chooses to dump his goods at half the price in this country, that is his business.

*Mr. Mathias.*—Excluding that possibility?

*Mr. Fateh Ally.*—Yes.

#### *Wood.*

*President.*—As regards wood, you say that you are using Japanese wood because you cannot get Indian wood which is as white as the Japanese wood and then you say that you can get that white coloured wood in India if the heavy railway transport charges were reduced. What kind of wood are you thinking of?

*Mr. Fateh Ally.*—Himalayan fir. The bombax that we are using for box making can be used for splints also.

*President.*—You are talking of the silver fir. Supposing that wood is in the Punjab, in that case, the proper place for a factory would be in the Punjab.

*Mr. Fateh Ally.*—I have already said that once we are assured that this duty is a protective duty, we would have a factory for box making and for making splints right in the forest.

*President.*—In the Punjab?

*Mr. Fateh Ally.*—Wherever we can get wood.

*President.*—We don't wish to go into that question any more. We have gone into that before. There is no part of the world where manufacturers do that kind of thing now, that is to say, they no longer carry on splint making or veneer making in the forest and the remaining processes elsewhere.

*Mr. Fateh Ally.*—In Japan they do that. Most of those factories are small factories. At least they used to do so before the Trust absorbed them.

*President.*—Now that has disappeared for the reason that it has not been found remunerative.

*Dr. Matthai.*—If it has not disappeared at any rate it is fast disappearing.

*President.*—If you say that suitable wood is available only in the Punjab, you are badly located as regards your raw material.

*Mr. Fateh Ally.*—I say that this wood in the Punjab is equal to the very best imported wood that you can get but there are also other woods here.

*President.*—So far as Bombay is concerned it would not derive any very great advantage by getting this wood from the Punjab even if the freight is reduced, unless you get it transported at next to nothing.

*Mr. Fateh Ally.*—We are paying freight at 16 yen, for wood all the way from Japan surely it ought to be possible to get wood from the Punjab much cheaper.

*President.*—The advantage would lie with the Punjab not with you. Why should a factory located in Bombay claim that it has got wood which is really in the Punjab, and that that is your natural advantage. You have no natural advantage at all.

*Mr. Fateh Ally.*—I say there are other woods which can be used for making splints although they are not as white nor as strong as the imported aspen. But I do not mean to suggest that they would not make as good matches as these.

*President.*—What about its lighting quality?

*Mr. Fateh Ally.*—I think that can be adjusted by the paraffin process. Some woods being very soft absorb paraffin very quickly; other woods being slightly harder where we are using 110° we might use 100° and heat it a little more.

*Dr. Matthai.*—What is the best Indian wood you have tried so far in Bombay?

*Mr. Fateh Ally.*—Bombax is the best that we have tried so far. We came across small quantities of samples of other kinds of wood which were very satisfactory but unfortunately we could not locate them.

*Dr. Matthai.*—With regard to Bombax splints what you are suggesting is that with a little paraffin treatment you can make them light just as well as aspen sticks, but what about the strength?

*Mr. Fateh Ally.*—I admit Bombax is not quite so strong.

*Mr. Mathias.*—As regards simul have you made any proper experiments with it?

*Mr. Fateh Ally.*—We have had samples and we used it and found it very satisfactory. Our men were making enquiries but we found the railway transport was so prohibitive that we did not go further into the thing.

*Mr. Mathias.*—You have not made any extensive enquiries about that?

*Mr. Fateh Ally.*—No.

*Mr. Mathias.*—I would just like to read to you an extract from the reply to our questionnaire of the Mahalaxmi Match Factory, Shahdara. They say in reply to question 9 (a) "Splints manufactured by us from wood, at present obtained are slightly darker than those of Swedish import, otherwise the general finish of our matches is claimed to be as good as that of the imported Swedish matches". Further down in answer to question 12 they say that the only difference between Indian matches and imported matches is in the colour of splints. Then they go on to say in answer to question 21 "The supply of wood has not been constant in respect of quality. The class of wood being the same, exposure to water and heat make very great difference in its economic value for match manufacture. Wood which is exposed to heat and is cracked or such as has had bad knots automatically depreciated in its quality for manufacture. As far as the supply from the forests is concerned wood suitable for matches has not so far been exploited exclusively for match manufacture". It is obvious from their reply that they are not very satisfied with the class of wood that they have obtained. They say that they want the forest department to take special steps for the extraction of wood. At present they are buying in the open market. I am drawing your attention to this because it seems to me that it is desirable that you should know this if you are thinking of obtaining your supplies from the Punjab.

*Mr. Fateh Ally.*—That I can understand but as I said, when I found the railway freight prohibitive we did not go into the matter further.

*President.*—You said that you could get over the difficulty to some extent by varying the quantity of paraffin.

*Mr. Fateh Ally.*

*President.*—There may be one or two other ways. First of all you can make slightly thicker splints. You know the Islam Match Factory, Ahmedabad, make  $\frac{3}{4}$  size matches and their sticks are thicker; therefore to that extent they get over the difficulty of the softness of the wood.

*Mr. Fateh Ally.*—Consumers want 55 splints in a box; if the splints were to be a little thicker it would be difficult to pack 55 splints in one box.

*President.*—Then you can give them the other size, that is the three quarter size.

*Mr. Fateh Ally.*—There again the man who wants half size won't take three-quarter size.

*President.*—Supposing you give the man who wants half size a bigger match he will soon begin to see the advantage and take it.

*Mr. Fateh Ally.*—In course of time he may.

*President.*—I mean to say that there is no particular merit in the half size; the  $\frac{3}{4}$  size is not an unwieldy size either.

*Mr. Fateh Ally.*—The railway transport charge on the half size is cheaper. Formerly it was  $\frac{3}{4}$  size; the Japanese first introduced the half size during the

war when there was great difficulty about railway wagons and so on. It is of lighter weight. Now the people have got used to it; it is of lighter weight: they can save money on railway freight; it is more convenient to carry it in the pocket and that is why people are taking that.

*President.*—Is it impossible to vary the solution so that you don't have to strike very hard in lighting?

*Mr. Fateh Ally.*—It might be possible to do that but the man who has been used to striking hard has to be educated as to how he is to strike.

*President.*—That is also a possible solution, is it not?

*Mr. Fateh Ally.*—Yes, it is only a question of varying the chemicals.

*Dr. Matthai.*—What is this ambada that you speak of? Do you know the botanical name of that?

*Mr. Fateh Ally.*—No, but I will let you know about this.

*Dr. Matthai.*—Have you tried it?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—You think that mango makes better splints but you cannot get large quantities?

*Mr. Fateh Ally.*—If the tree is on a hill or on hilly ground the grain is very good for working into splints, but mango grown on plains is quite different, it varies so very much.

*Dr. Mathai.*—Is it the strength that varies or the colour?

*Mr. Fateh Ally.*—You get a kind of twist in the log.

*President.*—There is also another difficulty, that you cannot get Indian wood throughout the year.

*Mr. Fateh Ally.*—Yes, we have to stock it.

*President.*—Can you stock it for any length of time?

*Mr. Fateh Ally.*—We have ourselves stocked it for 8 months.

*President.*—How have you found it?

*Mr. Fateh Ally.*—There was a certain amount of deterioration. You see the difficulty is that Bombax is very easily affected by insects, but on the whole it paid us to stock it.

*President.*—I remember when we went to a factory very recently they complained that the insects were a real pest.

*Mr. Fateh Ally.*—How did they stock it? Were the logs on the ground or on a platform?

*President.*—My recollection is not quite clear. I think there was some sort of tarred wood at the bottom.

*Mr. Fateh Ally.*—These logs should not touch the ground.

*President.*—Some of the logs I think touched the ground, but even when they did not as far as my recollection goes some of them were affected.

*Mr. Fateh Ally.*—To a certain extent they are affected but if the bottom logs touch the ground they are finished.

*President.*—Their explanation is that the insects don't come from the ground but they come with the trees from the forest. What is your experience? When the logs come to your yard do you find them effected by insects already?

*Mr. Fateh Ally.*—Certainly not, and if we use them up in a couple of months there is no trouble at all. Only if we stock it for a long time we find insects boring into it.

*President.*—In that case is there a big wastage?

*Mr. Mathias.*—Can you still use it for boxes?

*Mr. Fateh Ally.*—Yes; a hole here or a hole there does not matter.

*Mr. Mathias.*—For box veneers it would be all right?

*Mr. Fateh Ally.*—Yes.

*President.*—But not for splints?

*Mr. Fateh Ally.*—No.

*President.*—Do you boil your wood?

*Mr. Fateh Ally.*—Generally we do not but only if it is left over for a long time and gets absolutely bone dry it has to be boiled.

*President.*—And then is it suitable for use?

*Mr. Fateh Ally.*—Yes, after it is boiled it becomes quite soft for peeling and we get good veneers out of that.

*President.*—Do you maintain that you can keep Indian wood for 8 months?

*Mr. Fateh Ally.*—Yes.

*President.*—Are you speaking from experience?

*Mr. Fateh Ally.*—Yes. It suffers to a certain extent but not so much as to make it worthless. Insects do bore holes sometimes; when you cut the veneers you can see holes in it but those veneers can be worked on the machines and as the veneer is covered by paper it is not unsuitable and does not affect the boxes.

*Mr. Mathias.*—The colour is affected by boiling, is it not?

*Mr. Fateh Ally.*—But the colour of the veneer for box making does not matter because it is covered by paper.

*President.*—You have given 12 c. ft. as the quantity of wood you require for a 100 gross of matches.

*Mr. Fateh Ally.*—When we met last I told you I would give the actual figures. It turned out to be 13 c. ft.

*President.*—That means using aspen I take it for both splints and boxes?

*Mr. Fateh Ally.*—Yes.

*President.*—How much do you allow for splints and how much for boxes.

*Mr. Fateh Ally.*—Half and half.

*President.*—If you were to use Indian wood would you require more wood for splints?

*Mr. Fateh Ally.*—There would be a certain amount of wastage because those logs that we get from Japan are all nicely sawed at both ends, whereas in the case of our Indian timber coming from the forest, they fell it with an axe and a lot of odds and ends are left over which have to be sawn off at the factory.

*President.*—Does it not require more peeling before you get to the veneer in the case of Indian wood?

*Mr. Fateh Ally.*—I don't think so. All the time we have been using till this fire Bombax for box making and that has not been so.

*Dr. Matthai.*—You have more knots in the case of Indian trees. You never get a clean straight trunk whereas these Japanese aspen logs that come are fairly straight and clean. That makes a lot of difference in the wastage.

*Mr. Fateh Ally.*—This time in the case of aspen logs that I have only recently received from Japan, on the surface they are all right, but as we work into the interior the knots appear. But there is no denying the fact that we cannot get such straight logs from the Bombax tree as we are getting from aspen.

*Dr. Matthai.*—Then, aspen being stronger than Bombax, it does not break on the machine as Bombax often does.

*Mr. Fateh Ally.*—On what machine?

*Dr. Matthai.*—If you take the chopping machine, you will be able to do with less wastage on aspen because the aspen splints do not break in the process of manufacture so much as the Bombax splints.

*Mr. Fateh Ally.*—Do you mean in the process of chopping?

*Dr. Matthai.*—Yes.

*Mr. Fateh Ally.*—There is no friction brought to bear on the splints. Why should they break? At present I have not seen any Bombax worked into splints. But why should they break because there is no pressure on them?

*Dr. Matthai.*—The point would be this. If it is not a strong wood, the possibility is that when the knife strikes, the impact on the wood might be so strong as to break the ends. I do not know whether it happens or not.

*Mr. Fateh Ally.*—I have never heard of any complaint of that sort.

*Dr. Matthai.*—We have been told by a manufacturer using Bombax both for splints and veneers that there is a considerable amount of wastage. I was wondering whether that was your experience.

*Mr. Fateh Ally.*—As a matter of fact I have used so little of Bombax that I cannot say with certainty.

*Dr. Matthai.*—In answer to question 13 you say that according to your present rate of output your actual requirements of wood would be 1,500 tons and then according to your total capacity it would be about 2,500 tons. I don't understand that at all because your present output is very nearly your total capacity.

*Mr. Fateh Ally.*—At the time when this questionnaire was answered probably we were not working to the full capacity. According to the output then our requirements would have been 1,500 tons. Now we are working very nearly to our full capacity and so our requirements would be about 2,500 tons.

*Dr. Matthai.*—If you take 2,500 tons for 2,500 gross a day, you get 6 gross for 1 c. ft. which is different from the figure that you have given us now.

*President.*—Your cost of Indian wood for 1925-26 delivered at the factory was Rs. 40 per ton of 50 c. ft.

*Mr. Fateh Ally.*—Yes.

*President.*—Do you think that the price is likely to go up or likely to come down? You must remember this that so far as Bombay is concerned now, unless it wants to penetrate into other parts of the country, it is nearly manufacturing all its requirements except perhaps sulphur matches. So, there is no question of any great expansion of the industry in this province. Judging by previous figures of consumption before the industry was started, the consumption might be taken in Bombay at 5 or 6 million gross. The Presidency is already producing that quantity.

*Mr. Fateh Ally.*—The tendency is for the price of wood to go up.

*President.*—Why should it go up?

*Mr. Fateh Ally.*—Bombax was of no use all these years.

*President.*—Do you think that there is a risk of shortage?

*Mr. Fateh Ally.*—I don't think that there is any risk of a shortage as far as my information goes. We have got several people in the forest.

*President.*—Shortage in the sense that it is not economic to extract.

*Mr. Fateh Ally.*—If these trees are felled, they send forth shoots which can be worked again after 10 years.

*President.*—They are not clear felled.

*Mr. Fateh Ally.*—They are simply cut from the bottom and then again they come up.

*President.*—Do they grow again?

*Mr. Fateh Ally.*—Yes. In fact I have got a tree in my own compound which I felled some six years' ago and one shoot has come out of that.

*Mr. Mathias.*—That is what they call coppice.

*Mr. Fateh Ally.*—Yes. In six years it has already attained a diameter of 6 inches.

*President.*—That is very thin.

*Mr. Fateh Ally.*—That is the minimum. It is now only six years; after 10 years it will probably attain a diameter of 9 inches. The point is that these trees after being cut do grow so that they cannot go out of existence.

*President.*—It depends on how they are felled.

*Mr. Fateh Ally.*—I know that they do not harm the roots at all.

*Mr. Mathias.*—Is simul suitable for veneers?

*Mr. Fateh Ally.*—There is more wastage. The larger the girth the better it is for us. In every piece that we put on the machine a small portion—the inside portion—has to be thrown away. If you throw away that portion out of a girth of 14 inches the same amount has to be thrown away from a log having a girth of 9 inches.

*Mr. Mathias.*—So that it is not very satisfactory?

*Mr. Fateh Ally.*—It is not at all satisfactory to use a tree of small girth.

*Mr. Mathias.*—You would prefer to use a log of 3 feet diameter.

*Mr. Fateh Ally.*—Yes, up to a few years ago this tree was thought to be of no value, but now that people find there are enquiries for these, we are asked to pay a higher price every year for this.

*Dr. Matthai.*—Do you buy from the contractors?

*Mr. Fateh Ally.*—Very seldom. Only this year for the first time we have bought from contractors because as I told you our license was to expire in July and we did not like to put in stock to carry us over the monsoon. Then ultimately when the Development department extended our license we found ourselves without any stock and we had to buy whatever we could get from anywhere, otherwise we have concessions for fellings and we do all our extraction.

*Dr. Matthai.*—When you buy from contractors are you able to pick and choose?

*Mr. Fateh Ally.*—No. We stipulate a minimum diameter of 9 inches and that too not more than 15 per cent.

*Dr. Matthai.*—The contractor brings the wood to your factory and if you find that the wood they bring does not satisfy this specification, you reject the wood?

*Mr. Fateh Ally.*—Those are the terms but we have never been able to get anybody to take back the rejections. If we do that he starts crying and we have got to take whatever he brings.

*Dr. Matthai.*—Is it much more satisfactory to have your own concession?

*Mr. Fateh Ally.*—Certainly. When we first started felling they used to charge 8 annas per cart but now they are asking us to pay Rs. 2 per cart.

*President.*—The forest authorities charge you so much?

*Mr. Fateh Ally.*—Yes.

*President.*—A cart is equal to how much?

*Mr. Fateh Ally.*—About 10 cwts; they make the price per cart if it is a bullock cart or you can have buffaloes; they pull much more weight, and they make no distinction and you can load whatever you like.

*Dr. Matthai.*—You say in answer to question 24 “Up to the present no measures have been taken to secure a sufficient supply of suitable wood”. Do you mean you had not taken measures?

*Mr. Fateh Ally.*—We have had no difficulty so far; we have always been able to get a concession and in that concession we have found sufficient quantity of timber.

*Dr. Matthai.*—So far you have had no occasion at all to consider the question.

*Mr. Fateh Ally.*—No.

*Dr. Matthai.*—What is this concession that you are getting on match wood from the railway? How much does it amount to?

*Mr. Fateh Ally.*—They charge the same rate as that for fuel and that is for everybody.



*Chemicals.*

*Dr. Matthai.*—About your chemicals and so on do you import them direct?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—If you bought them locally, would it make a perceptible difference?

*Mr. Fateh Ally.*—Not much, but then the thing is that we would like to place orders for running supplies. As it is, we are getting them regularly but if we depend on the local dealer for our supplies, some particular chemical might not be obtained at some time and the dealer might squeeze us.

*Dr. Matthai.*—Do you get them from Japan chiefly?

*Mr. Fateh Ally.*—Both from Japan and from Germany.

*Mr. Mathias.*—Do you buy paraffin locally?

*Mr. Fateh Ally.*—Yes, from the Burmah Oil Company.

*Mr. Mathias.*—Do they make a suitable kind of paraffin wax?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—How long have you been buying from them?

*Mr. Fateh Ally.*—All these years. Only the first few cases were imported from Japan.

*Dr. Matthai.*—All these years you have been buying locally.

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—We were told in Calcutta that the paraffin made locally was not satisfactory and that it did not have the right melting point. You have had no complaint at all about that kind of thing?

*Mr. Fateh Ally.*—The match wax should be 100°. You can use it up to 110°. If the strength is over that, then it is not suitable for matches.

*Mr. Mathias.*—It is not specially made for the match trade.

*Mr. Fateh Ally.*—Though it is called match paraffin, I don't think that it is specially made for it.

*President.*—Have you any practical experience in this industry?

*Mr. Fateh Ally.*—After the factory was started I had been to Japan and I had compared my cost with the cost of a Japanese factory and in every respect I found that our cost here compared very favourably except in the cost of filling. There they could do three times the work done here.

*Dr. Matthai.*—What kind of factory did you compare it with?

*Mr. Fateh Ally.*—With a factory of the same capacity as ours.

*President.*—Do you mean that the manual labour there is better trained?

*Mr. Fateh Ally.*—In the matter of filling, it is better trained.

*President.*—If you were to use filling machines, you would be all right.

*Mr. Fateh Ally.*—Yes.

*President.*—If you use that, then your disadvantage will disappear.

*Mr. Fateh Ally.*—Yes.

*President.*—Then, how is it that you are liable to be understood by Japan, if that is the position as regards costs?

*Mr. Fateh Ally.*—As regards timber, we are at a disadvantage.

*President.*—They don't get their wood cheaper than Rs. 40 or Rs. 50 per ton.

*Mr. Fateh Ally.*—That much it would cost them also.

*President.*—In that case, you would be more or less in the same position.

*Mr. Fateh Ally.*—If the industry has been put on a proper basis, then I am not afraid of any legitimate competition. I think that we can hold our own against any legitimate competition. If a man spends Rs. 100 and is satisfied with getting only Rs. 50 after bringing it out here, that kind of competition we can not stand up against.

*Mr. Mathias.*—You have not answered question 27. Will you be able to send us that information later?

*Mr. Fateh Ally.*—That is practically giving away my position.

*Mr. Mathias.*—All the other factories have given us the information.

*Mr. Fateh Ally.*—I have no objection to giving you either provided it is not published.

*President.*—As regards that, so far we have not kept anything confidential. At present we shall accept that as confidential but if the Swedish Match Company give their figures for publication, even then would you still claim that your figures should be treated as confidential?

*Mr. Fateh Ally.*—If you publish the figures of all the factories, then I have no objection to your publishing ours also.

#### *Labour.*

*President.*—As regards labour you say the total number of workmen in your factory is 1,000. That is rather a large number. Does it include the manual labour that works outside?

*Mr. Fateh Ally.*—We get very little work done outside at present; that must have been the figure at the time the replies were sent in. At present we have got about 700 people.

*President.*—I suppose you will be able to reduce some more men when you have got more machines?

*Mr. Fateh Ally.*—If we have filling machines we can reduce all the women and boys numbering about 500 for filling boxes. We will need only a couple of men to manage the machines.

*President.*—So that your number may be reduced to about 200?

*Mr. Fateh Ally.*—Yes.

*President.*—That would be a great reduction. Does it include all your yard labour?

*Mr. Fateh Ally.*—Yes, everything.

*President.*—Will you give me the rates where you pay them by the piece? Do you pay them by the piece or by the day on the machines?

*Mr. Fateh Ally.*—The first process is that the splints have to be levelled; for that we give them 1 anna per cart, that is for 100 gross. I am giving you the same unit for everything. We will take the unit per cart: for levelling they get one anna; on the framing filling machine they get 2 annas per cart; then for releasing we give them 1 anna 3 pies per cart.

*President.*—You don't pay daily wages to these people?

*Mr. Fateh Ally.*—No.

*President.*—You use your machines at these rates?

*Mr. Fateh Ally.*—Yes.

*President.*—In the splint cutting machine you pay by the day, I believe?

*Mr. Fateh Ally.*—Splint cutting, veneering and splint chopping we pay by the day. The women who put the strips in order for feeding the chopping machines are paid by the amount of work turned out.

*President.*—What is their rate? Instead of giving us your figures per cart, give us separate figures per 100 gross for piece work under these different heads wherever you pay by the piece.

*Mr. Fateh Ally.*—I will let you have them.

*President.*—In answer to question 36 you say "We have records in our various departments to show that with a little training the labourer can do as much as three times the work he could do before he was trained". It would be very interesting if you could give us a statement on that.

*Mr. Fateh Ally.*—For instance take the case of filling. We were paying 4 annas per tray against which we are paying 2 annas now and some of the women who could do only half a tray when they first started can now do as much as 12 trays a day. Of course the average is about 5 trays.

*President.*—How long do these people take to be trained?

*Mr. Fateh Ally.*—A couple of months. The main thing is to get hold of just the right number of splints which should go into a box and then turn over the heads and then put the splints in with a little twist. In about two months they can earn 20 annas to 12 annas a day.

#### *Markets.*

*President.*—As regards your market, you say your principal markets are Bombay, Karachi, Hyderabad, Deccan and Madras.

*Mr. Fateh Ally.*—Yes.

*President.*—We should like to know where the bulk of your matches are sold?

*Mr. Fateh Ally.*—The sales are made in Bombay; the up-country dealers come to Bombay and say “we want 5 cases of ‘Pistol’ or 10 cases of ‘Scissors’ brand” and they place the order here and we send them accordingly.

*Mr. President.*—Where are your matches sold?

*Mr. Fateh Ally.*—They are ultimately retailed at Hyderabad, Karachi and other places wherever they go to. Only the ‘Pistol’ brand is sold in Bombay.

*President.*—What is the proportion of ‘Pistol’ to the brands sold outside Bombay?

*Mr. Fateh Ally.*—Before the fire broke out the proportion was half and half. As we could not turn out this brand owing to the fire the ‘Pistol’ brand went out of use and we had to restart and now the proportion is less than a third.

*President.*—So that at present the greater part of your market is really outside Bombay, is it not?

*Mr. Fateh Ally.*—Yes.

*President.*—Don’t you think that is rather a disadvantage to the industry?

*Mr. Fateh Ally.*—In what way? Do you mean by the market being so far away?

*President.*—Yes.

*Mr. Fateh Ally.*—Although the goods are not actually consumed in Bombay all the sales are effected here.

*President.*—They may say the same thing that all the matches are sold in Sweden. The market is really where the goods are sold.

*Mr. Fateh Ally.*—Since a number of years the custom has been that the up-country dealers come to Bombay every 15 days or every month and buy their requirements. These dealers can see for themselves who is the cheapest and just buy from him. Sometimes the manufacturers send out their canvassers up-country to sell their matches but I think the bulk of the business is done here.

*President.*—I am just trying to point out that it is not a very healthy sign for the industry. Take Karachi, for instance; so far as raw materials and other things go, you have no advantage over Karachi except that you get a certain class of Indian wood out of which you make boxes, but as regards your splints, chemicals and other things you have no very great advantage over Karachi, so that some day you might very easily lose your market.

*Mr. Fateh Ally.*—That is so.

*Dr. Matthai.*—As a matter of fact Karachi may have some advantage over you in the matter of wood?

*President.*—The same thing applies to the case of Madras.

*Mr. Fateh Ally.*—But I can only give you the facts as they are.

*Mr. Mathias.*—How do you sell in the Bombay market? Do you sell your matches to wholesalers?

*Mr. Fateh Ally.*—These wholesalers come down from up-country. By wholesaler we mean anybody who buys a case of any brand.

*Mr. Mathias.*—I am not speaking of the up-country dealers. I am speaking of your 'Pistol' brand matches which are actually sold in Bombay.

*Mr. Fateh Ally.*—We put them on a lorry and send them out to all these shopkeepers and they all have to be sold on credit.

*Mr. Mathias.*—What amount of credit do you allow?

*Mr. Fateh Ally.*—Let us suppose a man takes 20 gross—these petty dealers do not take more than 15 or 20 gross—next time he wants another 20 gross he must pay for the first 20 gross which he had taken before we issue the next lot.

*Mr. Mathias.*—Do you deal with the *biri* sellers?

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—Isn't that rather troublesome? Why don't you deal with the wholesaler?

*Mr. Fateh Ally.*—The wholesaler will take his profit.

*Mr. Mathias.*—It pays you better to deal with the retailer.

*Mr. Fateh Ally.*—Yes. The wholesalers are mostly manufacturers themselves and they have their own labels; they won't push our brands.

*Mr. Mathias.*—Who are they?

*Mr. Fateh Ally.*—Take for instance the Bombay Match Works; one of their partners is the largest wholesaler in Bombay—*Mr. Abdulally Ibrahim*. Before he started his factory we were selling our goods to him.

*Mr. Mathias.*—If the match manufacturers out here are also the largest match agents in Bombay, they at any rate will have no difficulty in putting their matches on the market?

*Mr. Fateh Ally.*—That is quite true, but after all in this market price tells.

*Mr. Mathias.*—We were told that it was very difficult to sell Indian made matches in the Bombay market owing to some combination which had been made by the Swedish Match Company.

*Mr. Fateh Ally.*—When we first started our factory here the Swedish manufacturers went to the extent circularizing all the up-country dealers to the effect that there was a great danger in buying these Indian matches and that they would not stand the test of climate; but now that all that has been proved to the contrary by facts, there is no difficulty in selling Indian matches.

*Mr. Mathias.*—As far as the Bombay market is concerned, will I be correct in thinking that the Indian match can be put on the Bombay market as well as the Wimco match?

*Mr. Fateh Ally.*—Ambarnath matches are also Indian made matches.

*Mr. Mathias.*—What I mean is that there is no distinction between the matches made by the Western India Match Company and matches produced by other Indian companies in the Bombay market.

*Mr. Fateh Ally.*—As regards quality do you mean?

*Mr. Mathias.*—No. As regards the combination amongst selling agents, we were given to understand by one witness that at the instigation of the Western India Match Company the selling agents in Bombay would only take Ambarnath matches and would take no other matches and that therefore there was some difficulty in some of the manufacturers putting their matches in the market at all.

*Mr. Fateh Ally.*—I think the position was that the Ambarnath factory told the dealers that unless they confined themselves to the sale of their matches, they would not let them sell their matches at all and that if they wanted to sell other brands they would not give them credit.

*Mr. Mathias.*—That has not prevented other match manufacturers from placing their matches either direct or through their partners on the Bombay market?

*Mr. Fateh Ally.*—I think other people would be able to give you better information on that point because I am not acquainted with the selling end of the business.

*President.*—Practically every applicant has suggested that if this protection was continued the Indian Industry would be able to capture the market which was supplied by the Swedish goods at present.

*Mr. Fateh Ally.*—Yes, in the whole of India.

*President.*—So far as Bombay is concerned, if you examine the figures there is very little room for expansion. The import of matches into Bombay during the last six months amounted only to 440,000 gross most of which were stated to be sulphur matches and of course they are matches which special classes of consumers require. So that if those figures are to be depended upon, there is very little left.

*Mr. Fateh Ally.*—Altogether there are about 200,000 cases imported into India annually.

*President.*—I am now talking of the Bombay market. Why should you hope to capture the Calcutta market or the Madras or the Rangoon market? So far as Bombay is concerned practically it has exhausted the market.

*Mr. Fateh Ally.*—How much is it?

*President.*—It might come to about 800,000 a year, but some of those matches will come in in any case.

*Mr. Fateh Ally.*—Why should not that be stopped?

*President.*—Because consumers will always buy. 5 per cent. at least will be very expensive matches which some people buy no matter what the price is. In Burma, for instance, there is a very great demand for Bryant & May's matches which are the most expensive in the world. Even if you get this, that only means that a factory no bigger than yours is sufficient to capture it.

*Mr. Fateh Ally.*—If things go on as they are at present the possibility is that they will have to close down.

*President.*—So far as foreign matches are concerned you have got no competition so to say as things stand at present.

*Mr. Fateh Ally.*—That is correct, but the foreign manufacturer has come to manufacture in India.

*President.*—I am saying now that there is no further market to be obtained. As regards the suggestion that these foreign Trusts have started manufacturing in this country, so far what they have done is that they have brought down the selling price of matches in the country.

*Mr. Fateh Ally.*—Yes.

*President.*—That is to say where you were making 100 per cent. profit before you might be now making about 15 or 20 per cent. You have not yet reached a point where you can say that they are carrying on any unfair competition with you. I am just trying to explain to you this situation that even to-day according to your figures you are not selling at a loss. So long as they do not sell below the cost of production could you really complain against them because they do not allow you to make very high profits?

*Mr. Fateh Ally.*—We may have no ground for complaint to-day but at this rate where will they stop with their unlimited resources?

*President.*—That, of course, one can never say.

*Mr. Fateh Ally.*—This is a sword that is always hanging over our heads.

*President.*—Your objection is not against their being here but against the possibility of their reducing the selling prices below the remunerative point.

*Mr. Fateh Ally.*—That is their avowed object. In fact they approached us and said "amalgamate or be crushed".

*President.*—Can you give us any evidence on that point?

*Mr. Fateh Ally.*—I can give you the name of the gentleman who came to us. It was Mr. Bierman who first made that proposal to us.

*Dr. Matthai.*—What precisely was the proposal?

*Mr. Fateh Ally.*—The proposal was to hand over 51 per cent. interest in our factory to them and then they would manage the show and we would simply look on and take our share of profit.

*Dr. Matthai.*—Did they give it to you in writing?

*Mr. Fateh Ally.*—No.

*President.*—Did they offer you otherwise good terms?

*Mr. Fateh Ally.*—They said "we have got vast resources, this match industry is our birth right, we cannot permit anybody to stand in our way in getting a world monopoly of this thing. Now that you have started this business we offer you this; if you accept, well and good, otherwise you will have to repent".

*Dr. Matthai.*—How long ago was that?

*Mr. Fateh Ally.*—In 1922.

*Dr. Matthai.*—That was before they started Ambarnath?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—Has that offer been renewed?

*Mr. Fateh Ally.*—No.

*Mr. Mathias.*—You have been able to maintain your position so far, have you not?

*Mr. Fateh Ally.*—Yes; we have not done badly so far. What we were afraid of was that they might cut the price to such an extent that we would have to close down, and after we had closed down all our factories they would carry on.

*President.*—This is rather an important point. We will assume for the moment that that is their object. But if they are able to manufacture matches on a large scale and bring down their works costs and undersell you, can you really have a grievance against them?

*Mr. Fateh Ally.*—No. If their cost is under my cost and if they can cut me out it would be simply gross incompetency on my part.

*President.*—So that if it were the case that they were simply reducing their selling prices in order to destroy their rival, so to say, and get a monopoly, you would object?

*Mr. Fateh Ally.*—Yes. Since you started this enquiry they have not reduced their prices, otherwise they were cutting and cutting all the time.

*President.*—Their explanation was that they were cutting their prices as their costs went down.

*Dr. Matthai.*—They say that other people start and they simply follow!

*Mr. Fateh Ally.*—They have sold their matches at 12 annas a gross.

*President.*—Their explanation was that they were a particularly bad lot of matches.

*Mr. Fateh Ally.*—Why did they make them?

*President.*—They were made of Indian wood and they had to sell at any price they could get.

*Mr. Fateh Ally.*—I sell 2 cases or 5 cases but if a man comes on the market and puts 500 cases on the market on the ground that they were a bad lot what can we say to that?

*President.*—Their explanation was that that was an accumulation. If they are able to establish that their reduction in price is due to reduction in costs, then what is the proposal?

*Mr. Fateh Ally.*—Then I say looking at it squarely that there is no case.

*President.*—You have given us your realized prices as under:—Rs. 1-12-0 in 1924, Rs. 1-11-0 in 1925 and Rs. 1-4-0 to Rs. 1-5-0 in 1926. What is the price now?

*Mr. Fateh Ally.*—Rs. 1-4-0 to Rs. 1-5-0

*President.*—Those prices of Rs. 1-12-0 and Rs. 1-11-0 were very remunerative, were they not?

*Mr. Fateh Ally.*—Yes, but at that time the costs were not as low as they are now.

*President.*—Even to-day at these prices of Rs. 1-4-0 to Rs. 1-5-0 you do not really have a serious cause for complaint?

*Mr. Fateh Ally.*—We make a fairly decent profit but nothing extraordinary.

*Dr. Matthai.*—As regards these prices that you have given in answer to question 51, can you tell me straight off the corresponding Swedish import prices during these years?

*Mr. Fateh Ally.*—Rs. 2-6-0.

*Dr. Matthai.*—In 1924 or in 1926?

*Mr. Fateh Ally.*—When our price was Rs. 1-12-0 their price was Rs. 2-6-0, now their price is Rs. 2-0-0 for half size after paying a duty of Rs. 1-8-0 and then again his selling charges are 5 pies, so that he practically gets a little under 7 annas per gross.

*President.*—In the light of the information that I gave you just now these half sizes cannot be imported to any very large extent because most of the imports here on the Bombay side are sulphur matches, so that it is only occasionally that they may be importing half size safety matches. There is no room. Of course, one of the consequences has been that naturally their half size cannot come into Bombay any more because you and they have practically taken possession of the whole market.

*Mr. Fateh Ally.*—To a certain small extent it comes but not much.

*President.*—It is not a thing that the industry at large need seriously worry about. As regards sulphur matches I am unable to say anything because we have not got much evidence as regards the manufacture of sulphur matches in the country. Of course, in one or two places they are manufacturing sulphur matches.

*Mr. Fateh Ally.*—The Bombay Match Works are manufacturing sulphur matches.

*President.*—Yes, and the Wimco people are also manufacturing sulphur matches.

*Mr. Fateh Ally.*—Yes. There were no sulphur matches manufactured here and they were selling at Rs. 2-6-0. As soon as the Bombay Match Works put their goods on the market, the Swedish people cut down 6 annas and the price at once went down to Rs. 2-0-0.

*President.*—That is full size, is it?

*Mr. Fateh Ally.*—No, half size sulphur matches.

*President.*—You say they are sold at Rs. 2 per gross but we have no evidence as to the price at which the Indian sulphur matches are selling at present.

*Mr. Fateh Ally.*—The Indian matches are all sold in Bombay at Rs. 1-10-0.

*President.*—These also in course of time must go out either by the home manufacture being increased or other people manufacturing them.

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—Those are all sold in the up-country market, aren't they?

*Mr. Fateh Ally.*—Yes, none of these matches is sold here.

*Mr. Mathias.*—They are sold almost entirely in the villages?

*Mr. Fateh Ally.*—Yes.

*President.*—If you followed the cutting down of prices by the Swedish Match Company, could you give us the dates when the prices began to be cut down.

*Mr. Fateh Ally.*—Without reference to our books I could not say, but I would find out from my own sales.

*President.*—Will you give us a statement on that?

*Mr. Fateh Ally.*—For what period do you want, for 2 months or for every month?

*President.*—You must show every change. Supposing it came down from Rs. 1-9-0 to Rs. 1-8-0 and then Rs. 1-7-0 and so on, you must show the dates on which this cutting down took place.

*Mr. Fateh Ally.*—Yes.

#### *Match machinery.*

*President.*—In answer to question 54 (g) you consider that the machinery used in the manufacture of matches is rather simple.

*Mr. Fateh Ally.*—Yes, very simple.

*President.*—There is nothing very much in it which an ordinary trained Indian cannot look after especially if you employ a little educated labour?

*Mr. Fateh Ally.*—Quite so.

*President.*—Do you have any frequent breakdowns in your machine?

*Mr. Fateh Ally.*—Parts get worn out specially those belonging to the inside and outside box making machines and if these parts are renewed there is no trouble; these are things like nuts, springs, screws, and so on.

*President.*—You can keep some spare parts without difficulty?

*Mr. Fateh Ally.*—Yes.

*President.*—You can buy them here too; The Swedish Match Company have got them.

*Mr. Fateh Ally.*—No. We have got German machines and the machines they are selling are of a different kind and their spare parts will not suit us.

*President.*—If you bought Swedish machinery then in that case you could always get spare parts in India?

*Mr. Fateh Ally.*—I believe so, but I have made no enquiry about that.

*Dr. Matthai.*—Since your machinery is German you have to keep a fairly big stock of spare parts?

*Mr. Fateh Ally.*—A couple of dozen of each part that get worn out and those are very inexpensive.

*President.*—As regards disadvantages you mention the fact that you have got to import your machinery if you want to reconstruct. That, of course, is one of the disadvantages that applies to all industries so that you are not in any particular handicap.

*Mr. Fateh Ally.*—Quite so.

*President.*—In addition to that, of course, you have to pay a certain amount of duty on chemicals and other raw materials.

*Mr. Fateh Ally.*—Yes.

*President.*—Taking wood and chemicals into account it may come to how much?

*Mr. Fateh Ally.*—Taking it at 15 per cent. it comes to about Rs. 6 a case or about one anna a gross.

*President.*—That is including the duty on wood.

*Mr. Fateh Ally.*—Yes. The Government's complaint is that they have lost revenue by matches being manufactured here on a large scale. On about 80,000 cases they would be getting Rs. 6 a case and then they get income-tax. Of course, now that the prices have gone down the income-tax will be reduced. But as it is we have paid quite a lot in the shape of income-tax.

*President.*—We all have to pay income-tax. Then as regards your equipment you have got the c.i.f. price for the machinery, you have not got the f.o.b. price in any case, but I just want to see what disadvantage you are



suffering from when compared to the foreign manufacturer as regards machinery?

*Mr. Fateh Ally.*—The freight on machinery is about 10 per cent., then there is the duty and also clearing charges, etc.

*President.*—Cost of construction would be the same or perhaps less here, would it not?

*Mr. Fateh Ally.*—Some machines require deep concrete foundations.

*President.*—They would have to have them too.

*Mr. Fateh Ally.*—Yes.

*President.*—The only additional expenditure that you have to incur is the freight and the duty?

*Mr. Fateh Ally.*—Yes.

*President.*—Can you tell me exactly how much the machinery cost you?

*Mr. Fateh Ally.*—These Japanese splint veneering machines cost 500 Yen. each.

*President.*—If you have got the price in rupees you can give me a statement afterwards if you like. We want the c.i.f. price *plus* the extra cost that you have incurred for the complete plant.

*Mr. Fateh Ally.*—We will let you have that later on. Gross packeting and labelling we are doing by hand.

*Mr. Mathias.*—You can get machinery for packeting, can you not?

*Mr. Fateh Ally.*—Yes, I do not know whether it would be cheaper.

*President.*—You make 2,500 gross per day, so it might be cheaper for you.

*Mr. Fateh Ally.*—Packeting comes to 11 annas per case of 100 gross of dozen packets.

*President.*—So that it costs about Rs. 20 a day on your output.

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—On what kind of consideration did you get some machinery from Germany and some from Japan? Why is it that for splint chopping and splint veneering you prefer the Japanese?

*Mr. Fateh Ally.*—The outside and inside box making machines we get from Germany because the Japanese do all their boxes by hand.

*Dr. Matthai.*—Is it right to say that wherever you could get from Japan you bought from Japan?

*Mr. Fateh Ally.*—As a matter of fact we bought a factory outright as a going concern and the owner himself came down and showed us how things should be worked.

*Dr. Matthai.*—I find that some of your machines you are able to make in your own works, for instance, your splint polishing machine?

*Mr. Fateh Ally.*—That is simply a drum.

*President.*—As regards your capital account you say that your capital is Rs. 3,00,000; does that include everything?

*Mr. Fateh Ally.*—Yes.

*President.*—How much do you value your machinery and plant and buildings at?

*Mr. Fateh Ally.*—I think about Rs. 1,00,000.

#### *Working Capital.*

*President.*—What is your working capital on which you have got to earn interest?

*Mr. Fateh Ally.*—If you mean the amount locked up in the raw material and the finished goods, that varied so very much. At present I think we have hardly got Rs. 1,00,000 worth of goods because we have got no matches in stock; they are sold as they are made. I think I have hardly 100 cases in

stock. As regards the wood, owing to the difficulty I explained to you before, we are out of stock at present.

*President.*—What would be the fair amount to take? On how many months' turnover, would you calculate that?

*Mr. Fateh Ally.*—Three months' turnover would be a proper thing and then there would be no danger. Supposing we make 500 cases per month then 1,500 cases you must be able to stock; then there are the raw materials, of which you must have a constant supply. You must have funds for at least three months' supply.

*President.*—You must have three months' stock of finished goods and three months' stock of raw materials in addition to that?

*Mr. Fateh Ally.*—Yes. There might come a time—and there have been times when we have not been able to sell. We have got to keep on manufacturing and stocking.

*President.*—If you take 3 months' stock of matches in your case the working capital would be about Rs. 1,50,000.

*Mr. Fateh Ally.*—What about machinery and other things?

*President.*—I mean for working capital in the shape of matches alone you would require Rs. 1,50,000.

*Mr. Fateh Ally.*—When we gave you this statement we had actually Rs. 4,00,000 locked up in the business. At present I say we have got hardly any stock. If we are able to sell our goods as we make them then there is no need to lock up any money in stocks, but three months' stock of matches and three months' stock of raw materials are the absolute minimum unless you want to rush out to the market and sell matches at any price.

*President.*—Taking everything liberally into account, three months' raw materials would be about 6 to 8 annas per gross, would it not?

*Mr. Fateh Ally.*—It would be about 8 annas, or about Rs. 75,000 for raw materials and Rs. 1,50,000 for manufactured goods. That is to say, for a factory turning out 2,500 gross a day, I think, that is the minimum that is required.

*President.*—You consider three months' stock is the minimum that you can do with.

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—If you take three months' stock of matches and three months' stock of materials the two together would be, say, about four months' turnover in matches alone? If you take it in terms of the value of matches produced in about four months, I think that that covers the whole working capital. Rs. 1½ lakhs is the value of the matches produced in three months and about Rs. 75,000 is required for materials. That comes to Rs. 2½ lakhs. If you take the value of your matches at one rupee a gross and if you produce 750,000 gross a year, it would be about 4 months turnover.

*Mr. Fateh Ally.*—Yes.

*President.*—At what rate do you expect a match manufacturer to borrow?

*Mr. Fateh Ally.*—I don't think that unless you give a share of profit to the financier he would agree to a fair rate of interest. If you say to a financier that it is a good proposition and that there is the possibility of making 15 per cent. then he may agree. The value of the machinery in the match industry does not count for much. If I were to put up my factory for sale I will get absolutely nothing. Once you invest your money in match machines, it is no security to the man who advances his money.

*Mr. Mathias.*—The possibility of obtaining working capital would depend rather on the credit of the individual directors or proprietors who are running the business.

*Mr. Fateh Ally.*—Yes, to a certain extent but the financier would look to the security that he is getting. If he went into details and found that it was a paying business and there was the possibility of the business continuing, then there would be no difficulty.

*Mr. Mathias.*—Supposing you ask a man to advance money against stocks, say, 50 per cent.

*Mr. Fateh Ally.*—Against stocks of ready made matches, there would be no difficulty to get money, if they were properly insured.

*Mr. Mathias.*—What rate of interest will he charge on that?

*Mr. Fateh Ally.*—9 per cent.

*President.*—That is only as regards half of the working capital.

*Mr. Fateh Ally.*—Yes; then it would depend on the credit of the borrower.

*President.*—As regards profit on the capital, what do you consider a reasonable profit for an industry of this kind?

*Mr. Fateh Ally.*—If there is any guarantee of continuity?

*President.*—Yes, of protection?

*Mr. Fateh Ally.*—At present it is only a revenue measure. We do not know whether it will be continued from year to year. On the first of February all sales of matches stop. Nobody buys. If there was any guarantee that the thing would continue and that it would be a running thing, then, I think, that 20 per cent. would be a fair return.

*President.*—That is rather a big percentage. What about the machinery, is that separate? Your other expenditure, depreciation, commission, etc., will all come separately?

*Mr. Mathias.*—We want to know now merely the profit on the capital invested in the industry.

*Mr. Fateh Ally.*—Then, 15 per cent. would be enough.

*Mr. Mathias.*—15 per cent. you consider would be fair.

*Mr. Fateh Ally.*—Yes, if there is a guarantee of continuity of protection.

*President.*—That does not mean any guarantee of the continuity of the industry.

*Mr. Fateh Ally.*—In the first instance we made a profit of Rs. 70 to Rs. 80, but that was at a time when we did not know whether we would get any benefit out of the money put in.

*Mr. Mathias.*—You have already got it.

*Mr. Fateh Ally.*—I say that at that time we did not know.

*Dr. Matthai.*—If we made a separate provision for the interest on the working capital, in that case would you still require 15 per cent. for profit?

*Mr. Fateh Ally.*—15 per cent. includes a return on that also.

*Mr. Mathias.*—Supposing we allow for the interest on working capital separately?

*Mr. Fateh Ally.*—Even if you allow 9 per cent. on the working capital, I would still expect to get a return of 15 per cent. on that.

*Mr. Mathias.*—Why should you expect to make a profit out of the working capital?

*Mr. Fateh Ally.*—I run a certain amount of risk in borrowing the money.

*Mr. Mathias.*—There is a certain amount of risk in running the factory.

*Mr. Fateh Ally.*—If it is my money, that is another matter. But if I am to borrow and if my factory fails, it will be a serious matter.

*Mr. Mathias.*—Do you have to borrow on your personal security?

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—Supposing the working capital was advanced by a bank against stocks?

*Mr. Fateh Ally.*—Unless it is a limited company, in any case we will be liable.

*President.*—You are just now talking of a limited company. It may cut both ways. You may get less credit.

*Mr. Fateh Ally.*—That is the point. I should have to borrow on my personal security and if I borrow on personal security, I would expect to get 15 per cent. on that money also.

*President.*—That would be your risk.

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—In fact, so far as the industry is concerned, the charge on the industry on account of working capital would be 15 per cent., that is what it comes to.

*Mr. Fateh Ally.*—Yes, but I think it would be difficult for any industry of this kind to get capital where the machinery has no value unless you pay good interest.

#### *Depreciation.*

*President.*—Then as regards depreciation you claim 20 or 25 per cent.; that is the highest figure that we have come across?

*Mr. Fateh Ally.*—You see, all those trays and other things of that kind are not very expensive; they cost a rupee each but we have to keep 3,000 of these in the factory; at least 50 are lost or damaged and newly made trays do not last for more than three months.

*Mr. Mathias.*—Won't you charge that to current repairs?

*Mr. Fateh Ally.*—No.

*President.*—If you include all these in your machinery then of course some parts may require a higher percentage; but take the case of a box making machine or frame filling machine, for instance?

*Mr. Fateh Ally.*—The box making machines are after all not very expensive, they cost only £100 each.

*President.*—20 to 25 per cent. may be all right for certain classes but taking the machinery as a whole it appears to be a very high rate.

*Mr. Fateh Ally.*—The life of these machines is not very great; in six years we have renewed the framing filling machines.

*President.*—These are Japanese machines and they are not very strong.

*Mr. Fateh Ally.*—That is so.

*President.*—The highest that has been claimed for depreciation so far is, I think, only 10 per cent.?

*Mr. Mathias.*—Do the income-tax authorities allow you 10 per cent.?

*Mr. Fateh Ally.*—They allow 6½. Taking all the machines together, it might be possible to cut our figure, but I will give you a definite reply to-morrow.

*President.*—Please do. Of course, if you do not renew your machines and go on repairing them, it would be more expensive in the long run.

*Mr. Fateh Ally.*—Exactly. 12 or 13 racks go to a case if the machines are good, but we might want 20 racks if the machines are old and the frames are only half filled.

*President.*—Will you also give a separate figure for your land and buildings?

*Mr. Fateh Ally.*—The land is my own.

*President.*—But you have to put a valuation on it.

*Mr. Fateh Ally.*—You want the present valuation of the buildings?

*President.*—Yes. The thing to get really is what it would cost you to-day if you were to put up a suitable building and also what this machinery would cost to-day if it were new.

*Mr. Fateh Ally.*—We will let you have that.

*President.*—May we take your present selling price as Rs. 1-4-0 to Rs. 1-5-0?

*Mr. Fateh Ally.*—Yes. Out of that we have to pay selling commission but we have added that to our cost, so that Rs. 1-4-0 to Rs. 1-5-0 would be nett.

*President.*—What is the commission that you usually have to pay to the wholesalers?

*Mr. Fateh Ally.*—Half an anna a gross.

*President.*—I really want to understand what happens between your wholesale agent and the retailer, that is, the *biriwala*, how is it that matches are sold at Rs. 2-4-0? I want to understand what happens to this one rupee. You only pay him half an anna. Just explain to me the process how the final selling price is reached.

*Mr. Fateh Ally.*—We put our "Pistol" brand matches in our lorry and our man takes it to the *biriwala* and sells them at Rs. 1-4-0 to Rs. 1-5-0.

*President.*—And then the *biriwala* sells at Rs. 2-4-0?

*Mr. Fateh Ally.*—He retails it at one pice per box.

*President.*—In that case he charges a lot.

*Mr. Fateh Ally.*—Yes, but he says it is only retail business; from morning to evening he may earn, perhaps, only 8 annas. The "Pistol" brand we sell at Rs. 1-5-0 and he sells at 2 annas a dozen if you want a dozen but if you want only one box he charges you one pice for it.

*President.*—The man who sells at 2 annas a dozen is also the man who sells single boxes at one pice each.

*Mr. Fateh Ally.*—Yes. You see very often a man going about hawking these matches at 2 annas a dozen. In order to enable him to sell at 2 annas a dozen, that is Rs. 1-8-0 per gross the wholesaler must be selling at a slightly lower price and probably he sells to these hawkers at Rs. 1-6-0. But the *biriwala* who sells you just one box at one pice per box appears to be making a huge profit, that is true, but then what quantity is he able to dispose of in a day?

*President.*—But then there are so many *biriwalas*?

*Mr. Fateh Ally.*—Generally if you send your man for matches, probably he will buy a packet.

*Dr. Matthai.*—Generally what happens if you go to a *biriwala*; does he sell by the dozen or by the box?

*Mr. Fateh Ally.*—If you ask for a dozen he will give you a dozen.

*Dr. Matthai.*—What is the actual position?

*Mr. Fateh Ally.*—I am sorry I can't tell you. It depends on the customer; if he wants a dozen he gets a dozen.

*Dr. Matthai.*—Take the Bombay market. Supposing I said that about half the matches sold by retailers in Bombay were really sold by the box, would I be right?

*Mr. Fateh Ally.*—Only about 25 per cent. are sold by the box and the rest are sold by the dozen or gross.

*Dr. Matthai.*—In the up-country market, in the case of sulphur matches at any rate they sell singly I suppose?

*Mr. Fateh Ally.*—They buy one box and distribute; the match strikes anywhere.

*Mr. Mathias.*—I was asking yesterday about the mill hand. Would he buy a single box or a dozen packet?

*Mr. Fateh Ally.*—Ordinarily a mill hand would buy his box only but when they are paid their wages they buy a dozen for the month or the week. If he was going along and found that he was stuck up, he would buy a single box. If the major portion of their sales were in single boxes, they would be millionaires in no time!

*Mr. Mathias.*—Should we consider the retail price per box or the price of a dozen packet?

*Mr. Fateh Ally.*—Only 25 per cent. is sold by the box.

*President.*—How do you get that figure?

*Mr. Fateh Ally.*—The gentleman sitting by my side, Mr. has been selling matches all his life and has considerable experience in this line. He says so. Regarding price cutting and things of that sort he will be able to show from his books much better than I can do.

*President.*—Now we come to the main question of protection. Your proposal is that the present duty of Rs. 1-8-0 should be maintained.

*Mr. Fateh Ally.*—Yes.

*President.*—I think on the first day I explained to one of the witnesses the points which we had to consider and I pointed out that one of them was whether any proposal was necessary to safeguard the Government revenue. Government, of course, expected to get a certain amount of revenue when they imposed this duty of Rs. 1-8-0. But that revenue is steadily going down and if protection is given obviously the revenue will practically vanish. The question then arises whether Government ought to get its revenue in some other way. One of the ways is the imposition of an excise duty. Supposing you were given protection, to the extent that we consider would enable you to compete against foreign manufacturers, and then we said that Government must also get its revenue and we propose an excise duty, would you have any objection?

*Mr. Fateh Ally.*—No, so long as protection was there.

*An excise duty.*

*President.*—As regards the question of levying an excise duty it is a difficult business. There are two methods, one is the manufacture in bond and the other is by affixing stamps. Which one do you prefer?

*Mr. Fateh Ally.*—I would prefer the latter method.

*President.*—You think that would lead to the least difficulty, do you?

*Mr. Fateh Ally.*—The least difficulty and least amount of unfair competition.

*Dr. Matthai.*—What exactly do you mean?

*Mr. Fateh Ally.*—I mean people may take advantage; for instance, one man may go on selling conscientiously with stamps and another man goes on selling without stamps.

*Dr. Matthai.*—Supposing the excise was levied on issue from the factory?

*Mr. Fateh Ally.*—Inspectors are all human! I would say that much rather than trust to the efficiency of the inspectors, Government will do better to have a stamp duty.

*Dr. Matthai.*—Would it be any hardship on you to affix stamps?

*Mr. Fateh Ally.*—If we are protected we don't mind the extra expense. I have seen these stamps being put on in Russia; that is all done by hand.

*Dr. Matthai.*—You can do it also here.

*Mr. Fateh Ally.*—I would suggest that this be not an excise duty but a consumption tax and that the foreign imported matches be also subject to the same process.

*Dr. Matthai.*—That is one of the points we have to consider, otherwise the foreign matches may come and local matches may be sold as foreign matches.

*Mr. Fateh Ally.*—Exactly. In Russia they have got a warehouse where all imported matches are brought and opened and then stamps are affixed and let out for sale. That was during the war. I do not know what the practice is now since the Soviet Government has come into power. The system was that when matches were shipped out to Russia the flaps were left ungunned and they could be easily opened out without destroying the paper and then they were inspected and stamped and issued for sale. If that were done here, even the small quantity that is now coming in would not enter the country.

*President.*—If protection is given it would practically disappear and only a few consignments for special purposes would come.

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—This unpacking would mean considerable expense, would it not?

*Mr. Fateh Ally.*—It would.

*President.*—As you know, no matches practically come into the country except from Sweden and possibly Czechoslovakia, so that if precautions were taken to see that labels were put on them there, would not that be sufficient for the small quantities that are imported?

*Mr. Fateh Ally.*—Why should we go out of the way to assist them?

*President.*—It is only to save the trouble here.

*Mr. Fateh Ally.*—It is a trouble to them, it is no trouble to Government. Owing to competition we have got to use a lot of material—that is really money thrown away. For example, we use Rs. 6 worth of paper in packing matches. These matches do not at all improve in quality by being wrapped in a nice paper. Just because there is this Swedish competition, we have got to do it. If we had the market we would pack them in old newspapers. It would save a lot of money. It would reduce our costs and ultimately the consumer would find the matches packed in old newspapers to be as good as those packed in such nice papers.

*Mr. Mathias.*—Would there be enough newspaper to go round?

*Mr. Fateh Ally.*—Yes.

*President.*—Your proposal is that labels should be affixed in bonded warehouses.

*Mr. Fateh Ally.*—Yes, otherwise how are Government going to check? Supposing you sell labels to foreign manufacturers, they might print labels themselves. You might sell them for 200 cases and they might use other labels printed by themselves for other cases.

*President.*—It may be assumed that the Swedish Match Company won't do that.

*Mr. Fateh Ally.*—We are talking of imports in general. If these people do not do it, the Japanese may do or some other people may do.

*Dr. Matthai.*—Don't you think that it would be a very difficult task to supervise whether the matches are duly stamped in all these retail shops all over the country?

*Mr. Fateh Ally.*—It must be made a penal offence to use matches without stamps.

*Dr. Matthai.*—Somebody has got to detect it.

*Mr. Fateh Ally.*—What are the police for?

*Dr. Matthai.*—You will have to increase considerably your police force in that case.

*Mr. Fateh Ally.*—The Japanese Government have got stamps on patent medicines, tobacco and almost everything.

*President.*—Then, of course, the question will also arise with regard to dian States.

*Mr. Fateh Ally.*—Will they not be bound by treaty?

*President.*—They will have to put on British stamps.

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—What are your views about a tax on aspen wood? Supposing the present duty of 15 per cent. is doubled, would that affect the manufacturers here?

*Mr. Fateh Ally.*—We ought to have some little notice—not that we want to import in large quantities and keep it in stock and thereby avoid the duty but that we may try and find out substitutes.

*Mr. Mathias.*—As far as I am able to understand, practically every one in Bombay uses aspen for splints, so that if it was taxed it would simply mean that for all the matches manufactured on this side of India prices would go up by an anna or so.

*Mr. Fateh Ally.*—Yes, to the extent of the duty.

*Mr. Mathias.*—All the manufacturers would be affected alike.

*Mr. Fateh Ally.*—If the duty was increased from 15 per cent. to 30 per cent., I think, that immediate efforts would be made to find out a substitute for aspen. They will begin to manufacture what may be called a lower quality of matches. What I mean is that the matches will not look as good as aspen matches so far as appearance goes.

*Mr. Mathias.*—Do you think that there would be any increased demand for Indian matches in consequence of an increased taxation on aspen?

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—Do you think that it would raise the price of Indian wood to any extent?

*Mr. Fateh Ally.*—As I say, the price of Indian wood has already arisen. This particular kind of wood will be useless for any other purpose except for match-making and fuel. The people from whom we are buying used to charge eight annas and now are charging us Rs. 2. If we are to use this wood for splints also, naturally the price will go up.

*Mr. Mathias.*—So that the result of any such duty will be first to raise the price of aspen matches and later on in the course of the next three or four years to raise the price of Indian matches, if not by the whole amount of the duty, at least by a portion of the duty.

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—You think if such a tax were imposed, some notice should be given?

*Mr. Fateh Ally.*—Yes, so that we might investigate and find out where suitable timber is available for manufacture of splints and use that timber instead of aspen and then we must get the customers accustomed to it.

*Mr. Mathias.*—What sort of notice do you think would be desirable?

*Mr. Fateh Ally.*—A couple of years.

*Mr. Mathias.*—For instance, if Government announces its intention of placing a reasonable tax on the imported aspen in the course of the next two or three years, you would have no serious objection to it?

*Mr. Fateh Ally.*—No, we would welcome it.

*Mr. Mathias.*—You would welcome it for the reason that it would increase investigation into the question of supply of Indian wood?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—In order to make it worth while for people to try and get more Indian wood, do you think that a duty of 30 per cent. on aspen would be sufficient? Would anybody who is now using aspen, considering the difficulty of getting suitable wood in Bombay, if the duty is raised, make a serious effort to get more Indian wood? What I am suggesting to you is that the duty would have to be higher.

*Mr. Fateh Ally.*—I admit that a duty of 15 per cent. might not have the desired effect.

*Dr. Matthai.*—What kind of increase in the duty would have that effect?

*Mr. Fateh Ally.*—I would suggest an absolutely killing duty so that it cannot be used at all.

*Mr. Mathias.*—But not at once?

*Mr. Fateh Ally.*—No. I say "give us time to investigate and find out a substitute and also get the customers accustomed to the other kind of wood and thereby stop the imports".



*Mr. Mathias.*—What would be your views if the duty instead of being either a small duty or a killing duty were to be a gradually increasing duty, say, from 15 to 20 per cent. in the course of two years and then after two years 25 per cent. and so on, so as to give you plenty of time to investigate the question in the interval?

*Mr. Fateh Ally.*—I am afraid that will not meet the case. If you increase the duty from 15 to 20 per cent. there will be no effort made at all to find out a substitute for aspen; they will continue to use the wood they are using and then again if you increase the duty from 20 to 25 per cent. and there is a gradual increase like that the market will keep on adjusting itself to the increased duty whereas if there is a sudden jump people will say "yesterday I paid so much for this thing, but to-day the price has gone up almost double, I must try to find a substitute".

*Mr. Mathias.*—You think that would be a good thing?

*Mr. Fateh Ally.*—Yes, provided you give us time to substitute Indian wood for aspen.

*Mr. Mathias.*—So that the duty might be increased later on?

*Mr. Fateh Ally.*—Yes. In fact I am perfectly willing that the duty should be absolutely prohibitive.

*Dr. Matthai.*—Which is as good as saying "prohibit the importation of aspen into the country"?

*Mr. Fateh Ally.*—Yes, we have got wood and I believe that we can turn out as good match with Indian wood as we are doing with aspen and produce it cheaper. To-day we have to meet the caprice of the buyers; if the buyer finds that there is such a great difference between the prices that they have to pay for a small difference in the colour of the wood I think they will gradually begin to use our matches.

*Dr. Matthai.*—Supposing we gave you three years' notice; at the end of three years the duty on aspen is going to be 100 per cent. I take it for the production in Bombay you now require about 20,000 tons for all the factories put together, would you be able to get 20,000 tons of wood suitable for splints in the Bombay Presidency within three years from now?

*Mr. Fateh Ally.*—I cannot tell you off-hand, but I think there will be no difficulty because there are enormous forests in this Presidency which have not been tapped.

*Dr. Matthai.*—But the evidence that we have from the Bombay Government seems to make it extremely problematical whether this 20,000 tons can be raised within a reasonable time, so that the problem you may be up against is not that Indian wood may go up in price but that you may not be able to get it at all.

*President.*—There is one other point in connection with this. Would you be in favour of Government insisting on licenses for the manufacture of matches, that is to say, no new factory for the manufacture of matches should be erected except under a license?

*Mr. Fateh Ally.*—What should be the qualification for getting a license?

*President.*—No particular qualification.

*Mr. Fateh Ally.*—Then I suppose anybody can get a license?

*President.*—Yes, if he intends to carry on business on a reasonable scale. Of course, it has a very intimate bearing on this question that all of you have raised as regards Rupee capital and Indian capital and various other things.

*Mr. Fateh Ally.*—That is why I ask what should be the qualification for getting a license.

*President.*—Supposing Government insisted that it should be an Indian Company registered in India with Indian capital, and Indian directors and so on and each application is examined on its merits, and Government may or may not give protection.

*Mr. Fateh Ally.*—How are the existing factories going to be dealt with?

*President.*—Government would deal with that question. If Government were satisfied that it was in the general interest that manufacture should continue by the existing agencies I don't suppose it would raise any objection. The point is this: one of the things we have got to guard against in this country, speaking as an Indian, is that industries are apt to be located in one particular part where there may not be sufficient room for them all whereas in other parts of the country where there is room, there is no industry at all and it may be possible for Government to distribute the production all over the country on a more rational basis.

*Mr. Fateh Ally.*—Supposing there are 10 factories in Bombay and that those factories are able to meet the existing demand, and I still choose to put my money on another factory here, then I would consider it a great hardship if I am not allowed to start.

*President.*—You will frequently find industries coming up to Government for protection when they are really suffering from overproduction saying that they are suffering from foreign competition. That is what has happened in so many industries. So that if Government is to protect the industry don't you think that Government should expect that the industry should be run on rational lines?

*Mr. Fateh Ally.*—I as a manufacturer think that would be a good thing for me but looking at it from the point of view of the man in the street I would say that it would be a hardship on him should there be any kind of interference on the part of Government.

*President.*—Government may not refuse a license on that ground but Government may like to see what the constitution of the company is, who are its directors and so on.

*Mr. Fateh Ally.*—Would there be any kind of interference on the part of Government after licensing a factory?

*President.*—I am just putting it to you generally whether generally speaking you will have any serious objection to Government controlling the industry in that way by a license?

*Mr. Fateh Ally.*—I have no objection.

*President.*—Provided, of course, the system is worked fairly.

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—It will be advantageous to you, would it not?

*Mr. Fateh Ally.*—Certainly; for instance, if I were to know to-day that this is to be the maximum production of Bombay and that there is not going to be any great competition, it would be advantageous for me.

*Mr. Mathias.*—In regard to this excise duty which we have been discussing have you any views as regards the cottage industry; do they require any different treatment from the match industry?

*Mr. Fateh Ally.*—Take my factory, for instance. There are two villages near by. Some people are not able to give their whole time to the factory and they can only afford a few hours. I might give them a certain amount of work to be done at home for the making of boxes or affixing labels and that kind of thing. That is the only real cottage industry that we have here. These people in the villages do not complete the matches. They only paste the labels or make my boxes and that sort of thing.

*Mr. Mathias.*—In your opinion there is no cottage industry in the sense that they make splints and dip them and put them into boxes?

*Mr. Fateh Ally.*—Not that I am aware of on the Bombay side. In Calcutta I have seen the thing being done.

*Mr. Mathias.*—That would be a small industry, not a cottage industry?

*Mr. Fateh Ally.*—The only cottage part of it that comes into operation in Bombay is that the cottagers take the labels to be affixed at their homes or they make these boxes in their homes. They do not complete the process of manufacture at all.

*Mr. Mathias.*—So that in your view that would fall outside the scope of the investigation altogether?

*Mr. Fateh Ally.*—They would not be affected at all because they would continue to affix labels and we would continue to pay them at the rates fixed between us. When the boxes are returned to us we will put on the excise stamps.

*Mr. Mathias.*—Really the future of the cottage industry depends on the extent to which the larger manufacturers find it worth while using hand manufacture for some of the processes?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—If I buy refuse splints or veneers and dip it into my composition?

*Mr. Fateh Ally.*—Where will you make your composition?

*Dr. Matthai.*—I will make my composition as in Calcutta.

*Mr. Fateh Ally.*—I have seen that being done in Calcutta.

*Dr. Matthai.*—You will find next door to a kitchen where the chemical composition is being prepared.

*Mr. Fateh Ally.*—That is highly dangerous, when Government consider my factory to be a danger and nuisance to the public in spite of the fact that it is so far away from the road.

*President.*—There are one or two other methods that I suggested to avoid unnecessary uneconomic competition, namely, by having two agencies, one for the manufacture of matches and the other for the sale of matches.

*Mr. Fateh Ally.*—That is a sort of Government monopoly?

*President.*—Not necessarily a Government monopoly.

*Mr. Fateh Ally.*—Then should it be a manufacturer's combine?

*President.*—If the manufacturers do not combine, then the manufacturers sell their products at prices to be fixed by the sales syndicate. They have got that system in some countries. That, of course, reduces the cost of distribution. So far as you are concerned to-day what is your position? You are not really interested in the sales at all; you are not interested in the profit on the sales after they pass out of your hands. Supposing there was a company with Indian capital and that company bought all your products coming up to a certain quality at a certain agreed rate, do you think that would lead to economy?

*Mr. Fateh Ally.*—I think they would simply squeeze the public. If there is a guarantee that there are no more matches coming, they will put up the price to-morrow.

*President.*—Then Government steps in; Government keeps the control in its hands as regards their selling price. Now that we are holding the enquiry it would be our duty to come to a decision as to what that fair selling price of matches in this country should be. If these people put up their prices Government will say "we will import matches if you don't bring down your selling price". Do you think that that system would work?

*Mr. Fateh Ally.*—You mean that the number of factories manufacturing matches must be licensed and all the products of all these factories must be bought by a common central organization, isn't that so?

*President.*—Yes.

*Mr. Fateh Ally.*—In that case it would be a very good thing for the manufacturer.

*President.*—It would result in economy in this way that you won't have competition between labels. The matches will simply bear the name of the syndicate, with only one label and two or three different sizes the quality being the same. In that way the uneconomic competition existing now will disappear and to that extent it might be in the interest of the consumer. You don't suffer at all.

*Mr. Fateh Ally.*—We do not suffer at all but the only thing is that competition is a healthy thing.

*President.*—True, when it benefits eventually the consumer, but when, as in this case, the consumer really suffers, competition is not beneficial. Supposing Government purchased all your production at, say, Rs. 1-4-0 per gross and then after allowing commission and so on they sold it for Rs. 1-8-0 or Rs. 1-10-0 to the retail consumer he will benefit to the extent of 10 annas.

*Mr. Fateh Ally.*—How are Government going to reach the retail consumer?

*President.*—Just as they distribute salt. Government says "this is the price" and if it is sold at a higher profit in one place you may be certain that other people will apply and they will get the same goods to be sold in competition and then there will be competition to reduce the price of the same goods which is quite a different thing from pushing a thousand different varieties of goods.

*Mr. Fateh Ally.*—I think that would be of very great benefit to the factories. If all manufacturers were to issue only one label that might be useful, but supposing I make 100 cases of "Pistol brand" and another makes 100 cases and they are all delivered to the syndicate, how is the syndicate to check in case the goods are returned unless there is a distinctive label?

*President.*—It is the business of the sales syndicate to see to that.

*Mr. Fateh Ally.*—If a factory manufactures a distinctive label, then suppose a case goes to the Punjab and comes back saying that it is defective, the syndicate can trace it with the help of the label.

*President.*—There are many ways in which that can be done. You will find in many things like the "Gillette Blades", for instance, a number is given by which the factory can be traced. That point is of minor importance and that can be got over otherwise than by having different labels. That is only a question of being able to identify all the different factories.

*Mr. Fateh Ally.*—It will be a great wrench for the up-country buyer when he finds that he is not able to select his own labels!

*President.*—If no company is formed Government themselves can itself be the selling agency and fix the price at which the goods can be sold. Supposing no satisfactory company is forthcoming, do you see any serious objection to Government doing it?

*Mr. Fateh Ally.*—As long as they pay me a reasonable price I do not object.

*President.*—From the country's point of view would you object?

*Mr. Fateh Ally.*—I suppose that in lieu of the excise Government would take the difference between the selling price and the buying price.

*Mr. Mathias.*—How would you fix the buying price?

*Mr. Fateh Ally.*—A fair profit must be allowed.

*Mr. Mathias.*—We have got to arrive at a figure which would represent the fair selling price.

*Mr. Fateh Ally.*—You will have the costs of all the factories and you will have enough material before you to determine the fair profit.

*Dr. Matthai.*—It would mean that a number of less efficient factories might have to close down if we took the average price; it might not suit half a dozen factories in Bombay.

*Mr. Fateh Ally.*—They must cut down their costs.

*Dr. Matthai.*—How would you exactly estimate the quota of production of each factory? The sales organization has got to take over the production at so much from each factory. Supposing we gave you a quota of 2,000 gross a day, next year or the year after next you would be working on this basis of 2,000 and if you don't increase your production you are not going to bring down your costs, that is to say, if you fix a quota, for some period at any rate it would be impossible to bring down your costs. Do you think that that is likely to be a practical difficulty?

*Mr. Fateh Ally.*—I am turning out 2,500 gross a day.

*Mr. Matthai.*—The problem will arise like this. Take the cost of some factory here, let us say of Ambarnath. They produce 7,000 or 8,000 gross a day and we find a fair selling price for them is one rupee. Supposing we take one rupee as the fair selling price at which the sales organization takes over the whole production. We give you a quota of 2,500. In order to make it worth while for you to sell at one rupee you might find that it would be necessary for you to increase your output from 2,500 to 4,000, but under the quota system you cannot.

*Mr. Fateh Ally.*—When you fix the price you will take the average working cost of all the factories.

*Dr. Matthai.*—I don't say that it is incapable of adjustment.

*Mr. Fateh Ally.*—You will have to take the average working costs of all the factories producing the least number of cases and the largest number of cases. At present with the machinery that I have got I cannot produce more than 2,500 gross a day. If I am to reduce my cost I must do it by finding a substitute for aspen and reducing my packing expense.

*President.*—What is your opinion as a business man; do you think if Government wanted this system to be introduced a company would be forthcoming to undertake the sales in the Bombay Presidency?

*Mr. Fateh Ally.*—If the company were to have a practical monopoly of the sales then there would be no difficulty at all.

*Dr. Matthai.*—Supposing you required a crore of rupees, would you be able to raise it?

*Mr. Fateh Ally.*—I should think so. Any company would advance money against manufactured goods if they are properly insured. There is no difficulty about getting money at all specially with this monopoly. The financier knows that in any case the goods will be sold and that there is no danger of the stocks remaining permanently unsold. At the same time if you have an excise it should not be more than 4 annas a gross, otherwise it will hamper our industry. With 4 annas excise our matches will still sell at one pice per box whereas if you go over 4 annas the boxes cannot be retailed at one pice, we will have to go to a fraction of a pice, so that the man instead of asking for one pice and one pie for it, he will want 2 pice.

*Mr. Mathias.*—That will only apply to a very small proportion.

*Mr. Fateh Ally.*—It will apply to 25 per cent.

*President.*—It would be possible to devise something by which he might be able to obtain 2 boxes.

*Mr. Fateh Ally.*—We are talking of the man in the street who wants to buy a box of matches.

*Dr. Matthai.*—Is it your argument that we had better raise it to one rupee instead of 8 annas because the result will be the same?

*Mr. Fateh Ally.*—Government will get more revenue out of it, but I think to the man in the street the price will be the same.

*President.*—You would require it to be raised to one rupee?

*Mr. Fateh Ally.*—It would have the effect of diverting the profit made by the retailer to the Government coffers.

*Mr. Mathias.*—If we put one rupee excise duty on local matches you would want a corresponding increase in the import duty, would you not?

*Mr. Fateh Ally.*—Certainly.

*President.*—That can be more easily done if there were some sort of sales organization either by Government or by a company.

*Mr. Fateh Ally.*—If Government are willing to give a monopoly and limit the number of factories, I would undertake to find the capital.

*President.*—So that you think there would be no difficulty in finding capital.

*Mr. Fateh Ally.*—None at all.

Continued on Saturday, the 26th November, 1927.

*Costs.*

*President.*—We are very much obliged to you, Mr. Fateh Ally, for supplying us with these cost figures. We shall at present, as I told you the other day, treat them as confidential, but if the evidence of the Swedish Match Company is made public, then in that case I understand that you will have no objection.

*Mr. Fateh Ally.*—That is so, because however much we might want to hide our costs I think all manufacturers must know that all costs run pretty close.

*President.*—That is a sensible view to take. We will now proceed with the examination. Are these your costs at the present moment?

*Mr. Fateh Ally.*—Yes.

*President.*—You are not in a position to supply us with any former costs for comparison?

*Mr. Fateh Ally.*—I am sorry that I cannot fill in that statement.

*President.*—I mean, in the same way as you have done here?

*Mr. Fateh Ally.*—For two years we imported splints and boxes; that was before 1924. At that time we were selling at Rs. 2-2-0 or Rs. 212 per case, and we were making a profit of, I think, about Rs. 75 to Rs. 80 per case. At that time, the cost was very much heavier because the cost of labour for filling the boxes was double the amount we are paying now. Then again, we had a Japanese expert to whom we paid a royalty of Rs. 10 per case.

*President.*—And you could afford it?

*Mr. Fateh Ally.*—Yes, and according to the agreement he could have got it even now, but he began to drink and left us of his own accord.

*President.*—You started manufacture about 1925?

*Mr. Fateh Ally.*—We started in 1924.

*President.*—You mean you began complete manufacture in 1924?

*Mr. Fateh Ally.*—Yes.

*President.*—Have you got figures since you started this complete manufacture?

*Mr. Fateh Ally.*—I think there would hardly be a difference of more than Rs. 10 per case.

*President.*—The reason why I am asking for these figures is this. When I pointed out to some of the witnesses that they were getting a very good price and that they must have made very handsome profits, they replied that their costs were very much heavier. But you think that it is only a matter of Rs. 10?

*Mr. Fateh Ally.*—It could hardly be more than that. The greatest reduction has been in the matter of filling. We used to pay at the commencement at 4 annas per tray and we are now paying 9 pice and the Kurla people are paying 6 pice against our 9 pice because we insist on putting the heads on one side. We are paying 9 pice per tray of 200 boxes and they are paying 6 pice for that. Now, 1 pice per tray makes a difference of Rs. 1-2 per case so that when I am paying 9 pice and they are paying 6 pice their cost would be Rs. 3-6-0 lower than mine.

*Dr. Matthai.*—What was the rate with which you started?

*Mr. Fateh Ally.*—4 annas. In fact at the commencement we had to pay them wages at the rate of 8 annas a day, inspite of the fact that they could not do more than half a tray.

*Dr. Matthai.*—In the course of two years you have brought it down from 4 annas to 2½ annas.

*Mr. Fateh Ally.*—Yes, but there is not much room for any further reduction.

*President.*—So that you think that the main saving has been really in labour and particularly that required for filling?

*Mr. Fateh Ally.*—Yes; there has been a slight cut here and there but I can't say that it is more than Rs. 10 per case.

*President.*—That will be  $1\frac{1}{2}$  annas per gross.

*Mr. Fateh Ally.*—Say 2 annas a gross. We are using a very large quantity of chlorate of potash; you can hardly make a good match by using half the quantity of potash; you can make a match no doubt but we can't guarantee that the match will retain its striking properties if it has to be stocked for, say, two years.

*Dr. Matthai.*—Labelling is now done by hand?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—And filling and packing, these are also done by hand?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—You have told us for instance that if you did your labelling by machine you could not effect any economy, but as regards filling which is the biggest item,—Rs. 10 out of Rs. 20,—you could effect a considerable saving?

*Mr. Fateh Ally.*—Yes, we can effect a saving of Rs. 7 per case.

*Imported v. Indian wood.*

*President.*—I think that would probably be the effect. When I have finished with the costs I will go through the question of the relative difference between box making by hand and box making by machine. We will now proceed with the costs. The first important item is the cost of aspen wood. These costs of wood that you have given us represent the cost of wood used for boxes and splints, isn't that so?

*Mr. Fateh Ally.*—Yes.

*President.*—Your rate seems to be rather lower than what we have had so far.

*Mr. Fateh Ally.*—I have given you the rates that we only paid last week.

*President.*—Is this Japanese aspen?

*Mr. Fateh Ally.*—Yes.

*President.*—Then the cost of Swedish aspen may be still less?

*Mr. Fateh Ally.*—Possibly if you bring a whole cargo load you may get very much cheaper freight.

*Dr. Matthai.*—Was this the freight that brought it down to Rs. 120?

*Mr. Fateh Ally.*—Not only freight; exchange also has come down, from 135 to 126.

*President.*—What is the par?

*Mr. Fateh Ally.*—150—100 yen—150 Rs. that is Rs. 1-8-0 per yen.

*President.*—How much is it now?

*Mr. Fateh Ally.*—Now it is Rs. 1-4-6.

*President.*—Then there is depreciation of Japanese currency?

*Mr. Fateh Ally.*—So we have to pay less number of rupees.

*President.*—That may not last for ever.

*Mr. Fateh Ally.*—That is true but the conditions in Japan are rotten; if anything, the exchange will come down.

*Dr. Matthai.*—May I know what was the highest rate for Japanese aspen?

*Mr. Fateh Ally.*—We paid as high as Rs. 148.

*Dr. Matthai.*—How long ago was that?

*Mr. Fateh Ally.*—When we started.

*Dr. Matthai.*—And since then it has been steadily coming down or it has steadily remained at about Rs. 120. Am I right?

*Mr. Fateh Ally.*—I believe it was so. At the start we did not know where to get our supplies from and it took us sometime to find out the cheapest sources of supply. So, naturally when we bought from people who again bought from somebody else and thus the wood passed two or three hands, we had to pay more. I think it was about September 1924 that we bought the first lot of aspen.

*President.*—Have you got a long term arrangement with these people?

*Mr. Fateh Ally.*—We are buying through our Kobe office. One Suzuki had a contract with the Russian Government for the Siberian forests. We did our very best to prevent him from getting the contract; we represented to the Russian Government that he would simply squeeze the factories but in spite of that he got the contract, but immediately after he got the contract he got smashed; otherwise he would have asked for a price at which it would have been impossible for us to get the timber. Now that there is a free market we buy from the people who take concessions in Siberia from the Russian Government.

*President.*—Do you consider that a monopoly of the supply of wood from outside India is not at all impossible?

*Mr. Fateh Ally.*—No, it is quite possible if the man has means.

*President.*—Therefore it is of great importance to develop the supplies of Indian wood, is it not?

*Mr. Fateh Ally.*—Yes.

*President.*—But that would not affect the supply of the Swedish concern at all?

*Mr. Fateh Ally.*—No, they have their own forest. Suppose a grass merchant goes and buys up all the timber; he knows that he is starving the industry, but that he won't be able to make any money out of it unless he finds some use for it himself, whereas if the Swedish people concerned it, they would make their own matches and would make their profit on the money that they had locked up in this timber acquisition, and they would make it up by getting additional prices for the matches they sold because there would be no competition.

*Dr. Matthai.*—Is there any difference in quality between the kind of aspen wood that you get from the Siberian forests and the aspen that the Ambarnath people get?

*Mr. Fateh Ally.*—I do not know.

*Dr. Matthai.*—You have not heard anything about it?

*Mr. Fateh Ally.*—Unless we work the logs we do not know what difference there is.

*Dr. Matthai.*—Somebody told us that there was a slight difference in favour of what was known as Swedish aspen.

*Mr. Fateh Ally.*—If their aspen is coming from the hills then it would be a better class of wood, because here in Siberia all the aspen that grows on the hill side is protected from wind and rain and consequently they grow straight and do not acquire a twist which is very detrimental to the smooth working of the veneer. Possibly their trees are grown on the hill side and may be better, I do not know I have never seen their timber, but here they are buying every conceivable kind of rubbish that can be had.

*Dr. Matthai.*—Do you mean the Swedish people?

*Mr. Fateh Ally.*—Yes. I have actually seen them taking what we have rejected. Whether they are using it or storing it I do not know.

*President.*—They may be using it for boxes.

*Mr. Fateh Ally.*—We are also using it for boxes. As I said owing to our license being about to expire we did not allow any stock of Indian wood



to accumulate because we did not know where we would have to go. That is why we are now compelled to use Japanese aspen.

*President.*—What would be your cost if you were to use Indian wood for boxes?

*Mr. Fateh Ally.*—My cost will be reduced by about Rs. 6 per case, or an anna a gross. The Indian wood is quite good for boxes.

*President.*—The only trouble is that you cannot always depend on getting it.

*Mr. Fateh Ally.*—If the factory is to run continually we would arrange to have stocks as we have been doing previously.

*President.*—You find no difficulty in getting Indian wood, do you?

*Mr. Fateh Ally.*—No.

*President.*—Throughout the year?

*Mr. Fateh Ally.*—During the monsoon there are no tracks in the forest and there is difficulty.

*President.*—Monsoon here means about four months?

*Mr. Fateh Ally.*—Yes; we have to keep four months' supply at the factory.

*President.*—Even in the case of aspen they cannot get any aspen during the winter months.

*Mr. Fateh Ally.*—They are cut and stored in Japan, so that we can order at any time and get immediate shipment from Japan and the timber would be in India in a month's time.

*President.*—What I am suggesting is that whether it is aspen or Indian wood you have got to provide stocks for a part of the year in which you cannot get the timber—in Europe in winter and here in the monsoon.

*Mr. Fateh Ally.*—That is so.

*Mr. Mathias.*—Actually for box making, as the boxes are covered up with paper, any kind of soft wood is more or less suitable, is it not?

*Mr. Fateh Ally.*—I think so, but take the core of the aspen for instance; probably some method can be adopted by which it can be worked, but it is really unsuitable because it is too soft.

*Mr. Mathias.*—But the difference in the suitability of soft woods for manufacture of boxes only comes in mainly in the outturn or wastage, does it not?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—When you said if you used Indian wood for veneers you would make a saving about one anna per gross, were you speaking from experience?

*Mr. Fateh Ally.*—Yes; for the last two years we were using bombax.

*Dr. Matthai.*—I was thinking that making allowance for the increased wastage in Indian wood the saving might not be so much as an anna.

*Mr. Fateh Ally.*—We have got the actual figures. Off and on we take the factory's costs, say once a month, just to see where we are. On the 7th September when we started after the fire we got splint wood at Rs. 13-12-0 per case and box wood at Rs. 7-1-0 a case. That is all Indian wood.

*President.*—That gives you about Rs. 20.

*Mr. Fateh Ally.*—Yes. For two years we have used Indian wood and in fact we have got better work out of the Indian wood than out of aspen on the box machine.

*Mr. Mathias.*—Do you do any advertising on your boxes?

*Mr. Fateh Ally.*—We tried to obtain it from people who said they would give it if we would do the advertising at a rupee a case.

*Mr. Mathias.*—You expect them to pay a higher amount?

*Mr. Fateh Ally.*—While in Japan I exported matches to China and there the Rising Sun Petroleum Company in order to advertise their petrol or their

kerosine and things of that kind they used to sell a very large quantity of matches under the prices asked by others and on the back of each box there is an advertisement. I have supplied these matches myself, for which they paid me a dollar a case. On the back of these matches I simply put their advertisement and then sold the matches under any label to anybody and gave them a customs certificate that so many cases had been exported and they paid me the price.

*Mr. Mathias.*—How much is a dollar?

*Mr. Fateh Ally.*—About Rs. 1-8-0 to Rs. 1-10-0.

*President.*—What dollar is it?

*Mr. Fateh Ally.*—Mexican dollar.

*President.*—You were telling us a little while ago that you found Indian wood for making veneer for boxes better than aspen; how do you account for that?

*Mr. Fateh Ally.*—We get a better outturn on the machine with the Indian wood.

*President.*—Which wood is that?

*Mr. Fateh Ally.*—Bombax.

*Dr. Matthai.*—Are you suggesting that in regard to box veneer there is less wastage on Indian wood than on aspen?

*Mr. Fateh Ally.*—No; what I say is this, that I can get with Indian wood two cases per machine—on one inside and outside machine—out of bombax so that I get 20,000 boxes. I cannot get that out of aspen.

*President.*—Is it because the other is harder?

*Mr. Fateh Ally.*—I cannot say. As I say there is this twist and we cannot get the lining done properly on the machine. Even now with the Japanese aspen we have to subject the wood to two different processes, one for veneering and the other for lining.

*Mr. Mathias.*—And with Indian wood?

*Mr. Fateh Ally.*—It is all one process.

*Mr. Mathias.*—Why have you got to use the other machine?

*Mr. Fateh Ally.*—Because it does not properly line the wood; the lines do not run deep enough or the veneers get broken on the machine.

*Mr. Mathias.*—It must be a bit harder than bombax.

*Mr. Fateh Ally.*—I could not tell. Wherever we come across any kind of flat surface, which we very often do, in aspen, we find that it is not deterrent to splint manufacture but that it is entirely useless for veneering for boxes. In the case of Japanese aspen that we are using, you will find numbers of logs half of which have been used for box veneering and then we come to a surface which is of no use for box veneer and we chuck those logs to the other side for splint manufacture.

*Mr. Mathias.*—Can you run your machines fast when you are using bombax?

*Mr. Fateh Ally.*—The rate of revolution is the same. But what happens is that as soon as one veneer goes wrong or gets crushed in the machine, immediately three or four, till the machine is stopped, are spoiled. There is no room for the veneer to pass through, because the passage is blocked. On yesterday's working, I got a wastage of 530 lbs. on my inside and outside machines, that is all veneer dropped out of the machines. On a day's working of bombax, I have never had more than 300 lbs.

*President.*—That is very interesting if it is so because our evidence so far does not suggest that at all. They all say that aspen is really more suitable.

*Mr. Fateh Ally.*—I may be quite wrong, but I am afraid that evidence is given generally not with the idea of furnishing information so much as with the idea of making their present statement tally with what they had told the Income tax people in former years.

*President.*—We were told—as a matter of fact we saw also—that in the case of Indian wood the ends break at the time of filling the boxes. If you fill them up by a machine sometimes the ends will break.

*Mr. Fateh Ally.*—If you fill the boxes by machine then the ends of the boxes may break; but for machine filling you cannot have the same size of splints as you have for hand filling. For the former the splints must be smaller in size.

*Dr. Matthai.*—What is suggested is that when you get the inner box veneer made out of Indian wood, the edges get rather shaggy and when it comes to the question of labelling it does not lend itself so conveniently to labelling when you have a shaggy end.

*President.*—The outer boxes also break being squeezed.

*Mr. Fateh Ally.*—You can have a box as strong as you like; you can make it of thicker veneer. You can adjust the knife of the machine to have a shaving of any size that you want. You can have a thicker veneer or a thinner veneer. Of course if you have a very thin veneer it will break.

*Mr. Mathias.*—You can have a thinner veneer out of aspen than out of Indian wood?

*Mr. Fateh Ally.*—We have made no difference and I find that the bombax for box making, both outer and inner, is more satisfactory than aspen and all my workmen say the same thing, that Indian wood is more satisfactory for box making.

*Mr. Mathias.*—But the outturn is not so high in the case of Indian wood as in the case of aspen.

*Mr. Fateh Ally.*—The outturn is more. I get more work out of the bombax though there is wastage.

*Mr. Mathias.*—Take 1 cubic foot of aspen and 1 cubic foot of bombax; how many boxes could you turn out of each?

*Mr. Fateh Ally.*—You will get more boxes out of aspen than you will get out of bombax.

*Mr. Mathias.*—Approximately how many? If you get 100 out of aspen how many would you get out of bombax?

*Mr. Fateh Ally.*—If you get 100 out of aspen you get only 85 boxes out of bombax. If you take the quantity, out of 1 cubic foot of timber we are able to get a less number of boxes in the case of Indian wood but on working the machines where I may be able to get 10 lakhs out of aspen my men will be able to get 20 lakhs out of Indian wood. Thus I get more output.

*Mr. Mathias.*—That is to say though in actual capacity aspen turns out more boxes your costs are slightly lower on the Indian wood because you get a bigger outturn in a day, is that correct?

*Mr. Fateh Ally.*—We get a bigger outturn and the Indian wood itself is so much cheaper because it costs only about Rs. 40 a ton.

*Mr. Mathias.*—So that there are two points in favour of Indian wood, first of all cheapness and secondly quicker rate of production.

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—There is one point in favour of aspen and that is there is less wastage and therefore the number of boxes per cubic foot is greater.

*Mr. Fateh Ally.*—Yes.

*President.*—You ought to be very careful about the quantity of wood required. I want to know how you arrived at this figure of 13 cubic feet?

*Mr. Fateh Ally.*—As I told you when you visited the factory a few days ago, there was absolutely no wood left in the factory and we had to get a consignment and out of that we calculated.

*President.*—So that we may take that as your actual figure.

*Mr. Fateh Ally.*—Yes.

*President.*—You require equal quantities of wood both for splints and veneers, do you?

*Mr. Fateh Ally.*—A little more for splints.

*President.*—Approximately about equal?

*Mr. Fateh Ally.*—Out of 13 cubic feet I would say 7 cubic feet for splints and 6 cubic feet for veneers.

*Dr. Matthai.*—About 115 to 100—is that right?

*Mr. Fateh Ally.*—About that. After the consignment alluded to above, I got another consignment of 1,000 pieces of aspen from Japan. Of that we have used about 500 pieces—at the commencement we have used up all the larger pieces—and now we have got about 400 cases of splints and boxes out of that, so our average is correct. Yesterday I checked the thing again and it was just a little bit under 13 cubic feet but that was largely because the larger logs had been used up.

*President.*—What is your opinion about splints? Supposing we had only  $\frac{3}{4}$  size matches like the Ahmedabad matches; does not that get over many of the difficulties?

*Mr. Fateh Ally.*—As manufacturers we have got to make what is wanted by the consumer.

*President.*—I am not concerned with the fads of the consumer. The full size may be too big for most purposes and the half size may be too small. Take the case of Burma where people smoke cigars against *biris* here. When you have a thick cigar you want a bigger match. So just to have the middle course, to have the cost of production reduced, don't you think it would be simpler to have the  $\frac{3}{4}$  size only?

*Mr. Fateh Ally.*—You mean out of Indian wood?

*President.*—Yes.

*Mr. Fateh Ally.*—Have you seen any samples of Indian splints for half size matches?

*President.*—Yes.

*Mr. Fateh Ally.*—We have not made them for a long time now. Formerly Japan used to export a very large quantity made out of what is called shenagi wood which is much more reddish in colour than the samples of Indian wood splints you have before you, and in order to hide this defect they used to paint the sticks red.

*President.*—My point is rather this; in order to cheapen the matches it is important to standardize the size, is it not?

*Mr. Fateh Ally.*—Why not standardize the half size?

*President.*—For this reason that the man who smokes a cigar finds that it does not light his cigar. Here most people smoke *biris*. If you have  $\frac{3}{4}$  size you can use a little thicker veneer for your boxes and also make a little thicker splints and give the same quantity as in the half size or perhaps just a little more. One of the complaints against Indian wood half size match is that it is not very strong. To get over this I am suggesting to you to have a thicker match. It won't cost you more to manufacture and at the same time it may not be necessary to have three different sizes; one size may suffice for all practical purposes.

*Mr. Fateh Ally.*—But then if you make a standard size would you prohibit anybody from making a smaller size or importing a smaller size? How would it work?

*President.*—My point is this that in this country where the wood has some defects it all depends on how you use it. The defect in the strength may be got over by making the splints a little thicker. At the same time if the cost of production is lessened it is of so much advantage to the country.

*Mr. Mathias.*—The Gujerat Islam Match Factory turns out  $\frac{3}{4}$  size and although it is a little bigger than the half size the number of splints is the same; only they use rather thicker splints.

*Mr. Fateh Ally.*—I see.

*President.*—The next biggest item is labour. This is all hand labour that you have given in the first part which comes to Rs. 20-10-6; to that we have got to add this other item "Splint chopping including veneer for boxes"—  
—Rs. 6-11-3."

*Mr. Fateh Ally.*—Yes.

*President.*—That gives you the total cost for labour—Rs. 27-5-9. Of course that does not include supervision, because there is a separate item for that.

*Mr. Fateh Ally.*—Yes.

*President.*—In this item the only economy you may expect is by having filling machines and painting machines?

*Mr. Fateh Ally.*—Yes. We have not, however, tried the painting machine and so we do not know what the saving would be.

*President.*—The painting is now done by hand and paid for by the day?

*Mr. Fateh Ally.*—Yes.

*President.*—I want to go into the question of the difference in cost between machine made boxes and hand made boxes. You have got here for outside boxes a figure of 12 annas, and 13 annas 6 pies for inside boxes; that gives you a total of Rs. 1-9-6.

*Mr. Fateh Ally.*—Yes.

*President.*—That is your labour. Then you have got altogether 24 machines—12 inner and 12 outer, is that correct?

*Mr. Fateh Ally.*—Yes.

*President.*—So we have got to add the cost of working these machines and the depreciation on these machines?

*Mr. Fateh Ally.*—Yes.

*President.*—Supposing for the sake of argument this Rs. 24,000 represents the cost of these machines, the depreciation on that, even if you take it at 10 per cent., would come to Rs. 2,400.

*Mr. Fateh Ally.*—Yes.

*President.*—Allowing say 10 per cent. on the fixed capital, it would come to another Rs. 2,400.

*Mr. Fateh Ally.*—Yes.

*President.*—The only other thing we have to add is Power and renewals and spare parts.

*Mr. Fateh Ally.*—Yes.

*President.*—How much would you allow for spare parts?

*Mr. Fateh Ally.*—Rs. 100 on each machine.

*President.*—That would be another 10 per cent.

*Mr. Fateh Ally.*—Yes. If the parts get worn out and they are not renewed, they interfere with the working.

*President.*—Your power is practically negligible.

*Mr. Fateh Ally.*—Yes.

*President.*—That comes to Rs. 7,200 in all. Rs. 7,200 on an output of 750,000 gross per year comes to just under 2 pies. We have got before 25 annas 6 pies for 100 gross. So, that gives you 3 pies. Altogether the cost comes to 5 pies; whereas in the other case, it comes to sometimes two annas.

*Mr. Fateh Ally.*—It has often been said that we might use the veneers which could not be used on the machine if we were to do the box making by hand.

*President.*—It is suggested that there is some waste in it. I am trying to calculate the cost. The wastage may arise in two ways. There may be waste of wood and waste of paper.

*Mr. Fateh Ally.*—Yes.

*President.*—Labour you won't pay at all.

*Mr. Fateh Ally.*—No.

*President.*—So, those are the two things which must be taken into account. Then, there must be some wastage even in hand work.

*Mr. Fateh Ally.*—Much less.

*President.*—Supposing if we allowed 10 per cent. for wastage on materials?

*Mr. Fateh Ally.*—Do you mean on the machine?

*President.*—Yes, if we did that, I think that it would be enough.

*Mr. Fateh Ally.*—Yes.

*President.*—That would be merely as regards the prices of wood and paper that is lost.

*Mr. Fateh Ally.*—Yes. The cost of the hand made box is very much more than 2 annas because the lowest rate is 12 annas per thousand for both outside and inside.

*President.*—That will be Rs. 1-8.

*Mr. Fateh Ally.*—That will be Rs. 20.

*President.*—The two most expensive operations are the box making and box filling. As regards these, we have seen the difference. As regards filling of course you yourself say that it would be possible to save one anna a gross.

*Mr. Fateh Ally.*—Easily.

*President.*—I don't wish to go into the question of chemicals and paper. Then in your expenses there are three items. One is "Bombay godown charges and staff"; that is a sort of head office, is it?

*Mr. Fateh Ally.*—Whatever you like to call it. We are paying Rs. 450 for our godown in Bombay. We keep our stock of paper, chemicals and the finished matches which are not sold in that godown.

*President.*—If you are selling matches f.o.r. works you don't sell them from the godown; you will sell them from the factory, won't you?

*Mr. Fateh Ally.*—We don't keep any stock at the factory. Every day a lorry will bring whatever matches we may have produced the previous day to our Bombay godown.

*President.*—Then there is this charge about selling commission.

*Mr. Fateh Ally.*—We have got an establishment here in Bombay for selling matches, and instead of paying a salary to the man, we simply give him half an anna commission

*President.*—In our calculation of the works cost we do not include the selling commission. As regards interest on outlay, are you taking it on the whole capital or the working capital?

*Mr. Fateh Ally.*—It is on the whole thing.

*President.*—On what basis have you calculated that?

*Mr. Fateh Ally.*—I have taken Rs. 4,00,000 at 6 per cent.

*Mr. Mathias.*—That does not include depreciation on machinery, does it?

*Mr. Fateh Ally.*—As a matter of fact in the case of our factory the whole thing has been written off. We have built it up out of the profits.

*President.*—For our purposes we have to cut it out entirely: we will cut out godown charges and commission from the works costs.

*Mr. Fateh Ally.*—How much is the Bombay charge we have put in in the works costs?

*President.*—Rs. 2.

*Mr. Fateh Ally.*—Out of that, one rupee at least must be included because that includes the manager's salary which is paid in Bombay and not at the works, and then there is the selling agent also who is paid in Bombay.

*President.*—If we cut out these three items it comes to roughly Rs. 100 a case.

*Mr. Fateh Ally.*—You have cut off the interest on capital which is Rs. 4?

*President.*—Yes, we have cut off the selling commission for the wholesaler.

*Mr. Fateh Ally.*—That is about Rs. 3.

*President.*—That gives you about 100 rupees a case.

*Mr. Fateh Ally.*—That is for ordinary non-impregnated matches; for impregnated it would be about  $\frac{3}{4}$  anna more per gross. Mostly we turn out non-impregnated matches, that is why I have given you the figures for those matches.

*Dr. Matthai.*—The usual figure we have got for impregnated is 3 pies more per gross.

*Mr. Fateh Ally.*—We are now treating the sticks with the Eastern Chemical Company's Phosphoric acid at 9 annas a lb., and I think my figure is not out.

*Mr. Mathias.*—You buy the phosphoric acid from the Eastern Chemical Company, do you?

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—That comes to about Rs. 5 a 100 gross?

*Mr. Fateh Ally.*—Yes. But we also get a better price for the impregnated matches.

*Mr. Mathias.*—How much better price?

*Mr. Fateh Ally.*—I get I think at least an anna more.

*Mr. Mathias.*—What goes in the works cost you get back, and a little more, in the selling price?

*Mr. Fateh Ally.*—I say at least an anna more. I may get even  $1\frac{1}{2}$  annas more sometimes. There are certain classes of my customers who would not take matches unless they are impregnated. Coming to this I want to tell you, as this point has been raised, that all along our matches were selling at 2 annas below the Ambarnath matches. Then we began to concentrate on our "Pistol" brand and we impregnated those matches. Just before the fire there was a time when our matches were actually selling at a higher price than Ambarnath, but after the fire we were out of the market for four months and again they have captured the market. I mention this fact to show that if you really make a good match there is every chance of getting an equally good price.

*President.*—Let us take into account all the economies that you can make. If you use Indian wood for veneers you would save about one anna per gross, would you not?

*Mr. Fateh Ally.*—Yes, about that.

*President.*—If you use Indian wood for splints there will be some economy.

*Mr. Fateh Ally.*—Yes, provided everybody uses it.

*President.*—I am only trying to calculate. Would you have to use more Indian wood in that case than aspen?

*Mr. Fateh Ally.*—Yes, because there is more wastage in it.

*President.*—Now you are using 13 cubic feet for splints and veneers. How much do you think you will require if you use Indian wood?

*Mr. Fateh Ally.*—About 16 cubic feet.

*Dr. Matthai.*—Are you quite sure?

*Mr. Fateh Ally.*—I have no experience of Indian wood for splints.

*Dr. Matthai.*—Then how do you get at this 16 cubic feet?

*Mr. Fateh Ally.*—I base it on what we are using for veneers; probably the wastage would be the same.

*President.*—According to you it would be about 16 cubic feet. Even if you take that at about one rupee a cubic foot it would reduce your cost by about Rs. 15 a case.

*Mr. Fateh Ally.*—Yes, it would.

*President.*—That is about 2 annas 3 pies per gross?

*Mr. Fateh Ally.*—Yes, that is right.

*President.*—And you would save about an anna by using the filling machines?

*Mr. Fateh Ally.*—The filling machine is a very expensive machine and it can only do five cases a day.

*President.*—Then you will have to use more machines.

*Mr. Fateh Ally.*—It means more money and there will be more interest to pay.

*Dr. Matthai.*—What is the price of a filling machine?

*Mr. Fateh Ally.*—I can't give you a definite figure.

*Dr. Matthai.*—Supposing you had to go in for filling by machine what would be the additional capital expenditure?

*Mr. Fateh Ally.*—Some people tell me that each machine is Rs. 20,000 but I have not been able to get proper figures so far.

*President.*—We will be able to get that from the Swedish Match Company. As regards your estimate of the cost of the match factory you have not included any filling machines?

*Mr. Fateh Ally.*—No.

*Dr. Matthai.*—On what basis have you estimated the number of these various machines. I find actually you have with you now more of these machines in your factory than you have in this list. Take veneering and chopping machines, for instance. I find from your answers here that you have altogether 13 of these, whereas in this list you show only 8?

*Mr. Fateh Ally.*—When you went there you saw 3 chopping machines whereas we are only using two. The thing is we bought the whole factory as a going concern in Japan and then we had the machines brought out here and fixed up. In the estimate I have only shown those machines which are actually needed and which will be able to do the work for 2,500 gross a day.

*Dr. Matthai.*—You have given just the number of machines for producing 2,500 gross a day?

*Mr. Fateh Ally.*—Yes.

*Dr. Matthai.*—Supposing you were in a position to put the other machines into operation.

*Mr. Fateh Ally.*—There will be no use my turning out more splints and veneers if I cannot have the boxes.

*Dr. Matthai.*—You mean it is not sufficiently balanced, do you?

*Mr. Fateh Ally.*—That is so.

*Dr. Matthai.*—What is this item of electric dynamo fittings?

*Mr. Fateh Ally.*—That is for night work, for lighting the works. Very often there is a breakdown in the engine room and it takes two or three hours, sometimes even four hours, to put it right. The engine has been running for five years and has got old and requires some attention. Now and again whenever there is a stoppage during the day, we work overtime at night. If we do not do that, the next day the women won't have sufficient matches for filling.

*Dr. Matthai.*—You have told us with regard to these rates that you now pay for work done on the piece basis that there has been a considerable reduction in the past two or three years. Do you anticipate any further reduction?

*Mr. Fateh Ally.*—I don't think there is much room for cutting these rates further.

*Mr. Mathias.*—Do you think that your workmen have practically reached their maximum efficiency?



*Mr. Fateh Ally.*—Yes, I should think so.

*Dr. Matthai.*—How long have these particular rates been in force now?

*Mr. Fateh Ally.*—These rates were revised in September last, that is just about three months ago.

*Mr. Mathias.*—Supposing you are able to use only one kind of label instead of several kinds of labels, would you make any economy there?

*Mr. Fateh Ally.*—No. The thing is we sometimes come across logs which are not white and out of which we get discoloured splints. These we pack under a different label. If we were to pack them under one label it would mean packing goods of two different qualities under the same label. We could not do that: either we must put these under two distinctive labels or discard the discoloured splints absolutely. But there is a lot of money wasted on these labels which have four or five colours. Each colour adds to the cost of the label because the lithographer has to put the paper on the press as many times as there are different colours. But take my "Pistol" brand label for instance, which is printed in one colour—black on yellow paper. That is very much cheaper than the 6 coloured labels.

#### *The future of the industry.*

*President.*—I want to ask you one or two general questions. We were discussing the other day the question of the sales organization production on a large scale, licensing of factories and various other things. But supposing none of these things is found to be feasible and the position was that this industry must pass into the hands of a few manufacturers.

*Mr. Fateh Ally.*—That is, by open competition?

*President.*—Yes, eventually. Supposing the Swedish Match Company or the Swedish Match Company in combination with other Indian match companies took possession of the business then of course they might raise the prices. The problem would then arise as to how to deal with such a situation.

*Mr. Fateh Ally.*—They won't find it very easy. We have made all the money that we put into the factory; as soon as they bring down their prices, we stop, and as soon as they raise the prices we will start again.

*President.*—Would you be able to compete against them afterwards, that is the point? The moment anybody starts in a particular market they bring down the price. You must assume that they have got a firm footing in the market. You cannot go on building factories over and over again.

*Mr. Fateh Ally.*—We need not build.

*President.*—Periodically they will bring down the price.

*Mr. Fateh Ally.*—As soon as they put up the price we will start again.

*President.*—That has not been the experience of any country where once competition has been killed by a monopoly, competition has again been created on any large scale. They may raise the price to such an extent that it may increase their profits but that it won't pay anybody else to manufacture and compete on a smaller scale.

*Mr. Fateh Ally.*—There is no help for it if they went on for a number of years consistently selling under cost or selling at a price at which it would not pay us to sell, but I don't see how they could do that because if they were to calculate a fair working margin and if it paid them to sell at a given price, I think that it would pay us also to sell at that price, in view of the fact that their overhead charges are something enormous and then their capital outlay is also very heavy.

*President.*—Supposing the position was that Government was faced with an actual monopoly, then what can the Government do except to say "we will have the monopoly".

*Mr. Fateh Ally.*—That means that Government will manufacture matches themselves.

*President.*—Anyhow they sell matches and get matches manufactured in the country by such agencies as they find to be the cheapest.

*Mr. Fateh Ally.*—What is your question?

*President.*—Do you think that it would be a good plan for Government to adopt if it came to that?

*Mr. Fateh Ally.*—There are monopolies in several countries. If it is a question of income Government will make money out of it, but I do not know what the manufacturers who will have to go out of business will have to say to it.

*President.*—Government will say “Already you have put in Rs. 20 lakhs in the business, go on manufacturing matches and we will give you 8 per cent. return on your money. You sell the matches only to us”.

*Mr. Fateh Ally.*—I don't think there can be any objection at all. That would at least be an assured business and there will be no danger of having to abandon the factory simply because of its working at a loss. If I were to sell my factory to-day I would not get anything for it. This machinery is of no use to anyone. If I went out of business because it did not pay me it stands to reason that another man buying the same machinery would not make money.

*President.*—In that case Government will have to keep the imports in their own hands.

*Mr. Fateh Ally.*—There must be no imports.

*President.*—Supposing Government say, for the benefit of the people who want to pay a very high price for superior matches, “we will import that particular quality and sell.”

*Mr. Fateh Ally.*—Let Government have those matches made here.

*President.*—There will not be sufficient demand for it. Supposing a million boxes are imported at Rs. 4 or Rs. 5 a gross some people would always use those matches in spite of that price.

*Mr. Fateh Ally.*—So long as Government take, all my production it does not matter to me whether Government import or not.

*President.*—I am only asking you whether you would have any objection to Government undertaking the manufacture of matches and importing such matches as they might require?

*Mr. Fateh Ally.*—We have no objection at all.

*Dr. Matthai.*—What is your anticipation about these smaller factories in Bombay? If we declared the Match industry a protected industry and we took no action with regard to the suggestion of putting a special excise duty upon Ambarnath, do you think the smaller factories would survive?

*Mr. Fateh Ally.*—I do not know. As you know, the profit of those people who make boxes by hand is much reduced and they are hampered by want of capital. As soon as they make 2 or 3 cases they rush into the market and sell them.

*Dr. Matthai.*—Take the sort of people who make 500 to 1,000 gross a day. Do you think there is any future for them.

*Mr. Fateh Ally.*—500 is a fairly large quantity but it all depends on how far Ambarnath is prepared to go.

*Dr. Matthai.*—You cannot give an accurate answer to these things, but speaking from your experience and the way you have observed the tendency of the match industry in Bombay during the past three years, what lease of life would you allow to these companies if this competition continues?

*Mr. Fateh Ally.*—I do not know of any factory going out of business so far.

*President.*—Taking your own case, supposing the Swedish Match Company sold their matches at 14 annas per gross f.o.r. works, would you be able to continue?

*Mr. Fateh Ally.*—If they sold like that, then they would be selling below their costs.

*President.*—We will assume that.

*Mr. Fateh Ally.*—If they do that, then they have sufficient resources to put each and every factory out of business.

*President.*—You may expect that in the ordinary course in their case. Supposing we say that this is the position now?

*Mr. Fateh Ally.*—Then, I think that they will oust us.

*President.*—Will they take very long to do so?

*Mr. Fateh Ally.*—If they reduced their price suddenly to 14 annas, we should also have to sell at 14 annas or 13 annas though it would not pay us to sell at that rate. The first thing that would happen is that we would have to curtail our output. We might go on like that for six months and then we might further curtail our output and go on for, say, one year. If we had any doubts as to the capability of these people, supposing this was a new company whom we did not know, we might hold out for six months in the hope that they won't be able to continue for a long period like that, but as regards these people we know what they have done in other countries; they will do the same thing here and if we are not protected against this kind of competition I tell you there is not one factory in India that can stand against this kind of competition.

*Dr. Matthai.*—We have not made up our minds yet, but supposing for argument's sake our actual proposals were these: an import duty of Rs. 2 and an excise duty of 8 annas applied equally to you and to Ambarnath and the match industry to be definitely declared protected, do you think that the Indian factories would be able to hold out much longer?

*Mr. Fateh Ally.*—As long as there is unfair competition the position would remain unchanged.

*Dr. Matthai.*—Supposing that was the position, how long do you think Indian factories in Bombay would be able to hold out speaking as a matter of impression?

*Mr. Fateh Ally.*—If you put an excise duty of 8 annas then the smaller factories would immediately go out of business altogether.

*Dr. Matthai.*—Why should they go out of business?

*Mr. Fateh Ally.*—Supposing there is an excise duty of 8 annas a gross; that will come to Rs. 50 per case, and they must buy at least stamps for eight days from Government and Government won't sell these stamps on credit; they will have to be paid for and that means more capital.

*Mr. Mathias.*—Supposing we took that into account in fixing the fair selling price?

*Mr. Fateh Ally.*—They have no money.

*Mr. Mathias.*—You were saying just now that the small factories have not got much capital and therefore whenever they make one or two cases they rush into the market and sell them at any price they can get. Would you attribute the rapid decrease in the selling price of matches in the last year to competition from these factories?

*Mr. Fateh Ally.*—What happens is that these people have got no sales organization at all. For instance if they have 10 cases or so ready for disposal they would come to me or Mr. Abdulally Ibrahim who owns more or less the Bombay Match Works and has got retail as well as wholesale establishments. As a matter of fact, all along they have been buying out the supplies from smaller factories in order to maintain the market.

*Mr. Mathias.*—So that actually these smaller factories supply to the big factories?

*Mr. Fateh Ally.*—Yes. If they had only four or five cases and if they were to go to the market and sell at 2 annas under the market price it would spoil my market for 100 cases so I would rather take these myself at 2 annas less for cash.

*Mr. Mathias.*—So that that has had no effect in reducing the prices?

*Mr. Fateh Ally.*—I don't think so.

*Mr. Mathias.*—I rather gathered that you were not really frightened as to the effects in the future of a monopoly. Supposing a monopoly was established, you are not really alarmed that the price might be raised to an unreasonable height?

*Mr. Fateh Ally.*—I am only talking to you as a manufacturer, I am not talking as a man in the street, and as I understand it, your proposal is that if there is a Government monopoly or a private monopoly they would take all the matches that we manufacture.

*Mr. Mathias.*—That is rather a slightly different point. The point I was putting to you is this. Supposing there was a private monopoly and the Swedish Trust obtained the monopoly not from Government but simply by competition, then you are not really frightened that they would raise the price to a very high level. If they did so you would start manufacture again?

*Mr. Fateh Ally.*—There is one thing which I would say again. You require some kind of trained labour for the factory and at present all these workmen have left their homes and have come to stay in Santa Cruz or Kurla so as to be near our factory. For three months or, say, even six months as I say we might reduce the staff and work at a loss; afterwards if there was any hope of the Ambarnath people giving way, we might go on and then as I said, we might re-start the factory if they put up the prices. But you must understand that it would only be possible if they put up the price within a reasonable time. Supposing they worked for five years at a loss and my labour had lost the skill that they had acquired it would take me a year again to bring them up to their former efficiency and by the time I started they would again cut down their prices. So that would not be possible in the case of Ambarnath. Knowing that they have the huge resources of the Swedish Trust behind them I think the Indian factories would not make any very great struggle against them. As soon as they cut their price below cost we know that they would go to any extent and that we have not the means to fight them. We shall therefore have to close down.

*Mr. Mathias.*—What would you do, would you sell your factory to them?

*Mr. Fateh Ally.*—Why should they buy?

*Mr. Mathias.*—What would you do in that case?

*Mr. Fateh Ally.*—If I have to go out of business to-day my factory would not fetch anything.

*Mr. Mathias.*—Supposing they made an offer to the Indian match manufacturers would they accept it?

*Mr. Fateh Ally.*—I should think so; what else could anybody do in their position?

*Dr. Matthai.*—Supposing, as Sir Padamji said, we got a sales organization and that sales organization began to assign quotas to existing factories and they decided to buy these quotas at a fair average price. That average price might suit you, but it might not suit half a dozen other people. If the sales organization was directed to take over these factories at a fair price, it would on the whole be a much better proposition for them than if they were allowed to carry on the struggle for the next seven or eight years, at the end of which they might not be able to get any value for their plant at all.

*Mr. Fateh Ally.*—Certainly.

*Dr. Matthai.*—For the smaller factories which are likely to go out it is better that there is an attempt to consolidate at this stage, is it not?

*Mr. Fateh Ally.*—Yes.

*President.*—Let us take the most brutal aspect of the case. You yourself say that these people are very powerful and a time must come when if they competed fiercely you must give in. Then the Government is faced with this difficulty, whether to allow them to take possession of the whole market and of the profits of a monopoly or whether to reduce the risks to the country.

Then they say "All right, you manufacture all the matches"—that is to say the Swedish Match Company or any other powerful company—"we will give you a reasonable return on your capital only". Government also stipulate with them that they must come to some arrangement with the manufacturers in existence at present either by buying them up or by paying compensation or giving them some other compensation.

*Mr. Fateh Ally.*—If I knew that that task had been given to them by Government how could I ask for reasonable terms?

*President.*—Then Government has its method of land acquisition proceedings but supposing this monopoly guaranteed to you a certain amount, do you think it would cause much excitement in the country? I am just asking you, if, instead of allowing these people to die out gradually, we killed them and gave them some consolation, whether there would be an outcry in the country?

*Mr. Fateh Ally.*—If I found that I was being throttled and if Government came to me with this proposal, *viz.*, "we will ask Ambarnath not to throttle you but to give you some compensation", then I say "thank you very much". Now, if Government come in when I am doing business and when I have not felt their grip on my throat—still I am making some profit at this stage—I think what will be said is that Government have played into the hands of this Company.

*President.*—You would rather that Government should wait.

*Mr. Fateh Ally.*—You ask me what the feelings of the people would be. I say that my feeling would be that these people have been able to *sumjhow* Government. If I was faced with a situation of going out of business and if you then offered me a quarter of the business, I say I shall be very much obliged.

*President.*—That is precisely what they may do.

*Mr. Fateh Ally.*—Why should they?

*President.*—After having floored you, they would come and ask "are you prepared to sell".

*Mr. Fateh Ally.*—Why should they buy it from me?

*President.*—In order not to create too much excitement in the country. They would say "Now you are about to die; will you sell or will you live a little while yet". Would that be better?

*Mr. Fateh Ally.*—Certainly it will not be better, but how can you help human nature? I know exactly what the resources of these people are. I know how they have worked these things up in other places and I say I have not the slightest doubt that if they are out with the intention of ousting us, they would be able to do it in no time.

*Mr. Mathias.*—And there is no remedy for that, is there?

*Mr. Fateh Ally.*—There is no remedy. If they choose to lose money in order to put us out of business the whole thing is legalised. They can produce the thing at a rupee and sell it at eight annas.

*Dr. Matthai.*—At present prices, the Indian manufacturers in Bombay have not begun to feel this grip on their throat. To-day most of them are making a profit of over 10 per cent., are they not?

*Mr. Fateh Ally.*—Yes. You take the case of this man named Arjun of the match factory at Ghatkopar. That factory has changed financiers four times and now again there is trouble with the financier. 10 per cent. is not considered a fair return in an industry because when you launch out on an enterprise of that kind, it is attended with some amount of risk, so that when people first want into it they thought there was a prospect of making 50 or 100 per cent. and that has now gradually dwindled to 20. I don't the people who are making boxes by hand are making more than 15 or 20 per cent. Naturally there may come a time when they may be actually faced with a loss. The Swedish people have stopped cutting the price simply be-

cause of the Tariff Board enquiry, from that time there has been no reduction in the price.

*President.*—Have you any experience of double shift working in the Match industry?

*Mr. Fateh Ally.*—Yes.

*President.*—Could they work double shift if it became necessary?

*Mr. Fateh Ally.*—We are doing it ourselves in case of need. Sometimes there is a break-down in the engine room and for about 4 or 5 hours the engine does not work. We have got to make that up by working during the night as otherwise the next day the women will have no work.

*President.*—Would there be any insuperable difficulty in having two shifts supposing the Ambarnath people wanted to do it?

*Mr. Fateh Ally.*—There would be no difficulty at all.

*Dr. Matthai.*—Would there be any difficulty about labour?

*Mr. Fateh Ally.*—No, except that women cannot be employed at night.

*President.*—They may employ more women during the day and only men during the night?

*Mr. Fateh Ally.*—Yes.

*President.*—So that the Ambarnath people may nearly double their output if it became necessary with their present equipment?

*Mr. Fateh Ally.*—Absolutely, but there is one aspect of the thing to be considered. Is it to the interest of the country that a monopoly of this kind should go into the hands of foreigners?

*President.*—That is what we want to be advised about.

*Mr. Fateh Ally.*—Supposing I went to Sweden and wanted to have a monopoly of this kind, I don't suppose the Swedish Government would allow me any facility.

*President.*—We have adopted a different policy from other countries.

*Mr. Fateh Ally.*—Now seeing that that policy does not pay, it is time that we changed our policy.

*Mr. Mathias.*—That is a general question.

*Mr. Fateh Ally.*—Supposing there was war or some other trouble of that kind and all the other Indian factories are out of commission owing to the high duty there will be no imports and no stocks in the country. Before this duty was put on there was always a supply for two years' consumption.

*President.*—We have got their factories here and we can work them; they won't take away their factory.

*Mr. Mathias.*—Any sort of excise duty would put the small factories out of business.

*Mr. Fateh Ally.*—Eight annas a gross would mean Rs. 50 a case.

*Mr. Mathias.*—Supposing we adopted a system like the one in vogue in the Akkhari Department. Before a manufacturer sold a case of matches he would have to obtain a voucher from the purchaser. The voucher would be obtained by the purchaser from the treasury by paying first of all the cost price which would be fixed and then the duty on matches. On receiving the voucher, he would go to the manufacturer and obtain delivery of the goods and the manufacturer in his turn would send in the voucher to the Government treasury and obtain not the whole price but the cost price. Supposing some such system was adopted, that would limit the possible profit which could be made by the manufacturers and at the same time would not require any large amount of working capital for the purchase of labels and so on. Do you think that that would work satisfactorily?

*Mr. Fateh Ally.*—Yes, that would be all right. It would save the small manufacturers from this difficulty of having to pay the excise money in advance but I think that many small people who are engaged in the retail business would not like all this round about procedure.

*Mr. Mathias.*—They would have to sell by the case then.

*Mr. Fateh Ally.*—At present, the retailer goes to the dealer and says "I want one case of this and one case of that". The next day the cases are railed and the railway receipt is sent to him by V.-P.-P. whereas here in this case, he would be expected to go to the treasury, pay the money and bring a voucher. People who are now doing business on a commission of half an anna a gross would probably want one anna.

*Mr. Mathias.*—Do you mean to say that the difficulty would be pushed on from the manufacturer to the dealer?

*Mr. Fateh Ally.*—Yes. Government must keep stocks in different centres.

*Mr. Mathias.*—Why?

*Mr. Fateh Ally.*—So as to meet the requirements of the people there. In that case there need be no retailer or wholesaler.

*Mr. Mathias.*—If this system was introduced, the first thing which would happen would be that the manufacturer would probably be supplying only the large wholesaler who would buy probably 100 to 200 cases at a time which he would take and stores and the small man who now buys from the manufacturer would buy from the wholesaler.

*Mr. Fateh Ally.*—The wholesaler would charge a much greater profit knowing the difficulties that the small dealer would have in getting the voucher from Government.

*Mr. Mathias.*—Do you think that he would raise the price?

*Mr. Fateh Ally.*—Yes, because the competition would be greatly reduced and fewer people would then go in for match business.

*Mr. Mathias.*—The amount to which he would raise his price would probably be limited.

*Mr. Fateh Ally.*—These people who come from upcountry are so ignorant that they do not know anything. Unless they are taken round by somebody, I think that it will take a very long time for them to find out where and how they can get matches cheaper.

*Mr. Mathias.*—That system works all right in the Abkhari Department, does it not?

*Mr. Fateh Ally.*—I do not know.

*Mr. Mathias.*—This is the exact system. The buyer pays into the treasury, in the Central Provinces, at any rate, so much for the duty and so much for the cost price. On receiving his certificates, he takes it to the distiller who supplies him with liquor and then sends the voucher to the treasury and obtains the cost price. I have not heard of the wholesaler charging a higher price to the retailer.

*Mr. Fateh Ally.*—That system has been established for a long time. Here you want to introduce an entirely different system. For instance, what would happen to a small buyer who buys from a wholesaler one case of this and one case of that. The latter will say "The system has now changed; and the price is now so much more". Then, he goes to another wholesaler who says the same thing. The result will be that the retailer will think that the match business is not worth doing any more.

*Mr. Mathias.*—How long do you think it would take to settle down?

*Mr. Fateh Ally.*—I do not know.

*Mr. Mathias.*—In course of time, it would settle down.

*Mr. Fateh Ally.*—Yes, but it may reduce the number of dealers.

*Mr. Mathias.*—If the wholesaler charges a higher price to the public, he would be making more profit and consequently more people would come into the business.

*Mr. Fateh Ally.*—Look at the bother there is in the sale of opium and things of that sort.

*Mr. Mathias.*—Some sort of stigma attaches to that. Supposing you had a choice between the two systems, do you think that the system of excise duty by means of issue of labels would be preferable to the other method?

*Mr. Fateh Ally.*—I would prefer excise duty by means of labels.

*Mr. Mathias.*—It would be more straightforward.

*Mr. Fateh Ally.*—Yes.

*Mr. Mathias.*—Even though the small man went out of business.

*Mr. Fateh Ally.*—I should be sorry for the small man but I am speaking for myself at the moment, and I say I would prefer that. But what would be the position in the Native States then, would they have an excise too? Otherwise there is no good in having an excise here.

*Mr. Mathias.*—The label system would protect the Indian manufacturers against competition from the Indian States.

*Mr. Fateh Ally.*—Then we shall lose our market in the States.

*Mr. Mathias.*—Why?

*Mr. Fateh Ally.*—Take Hyderabad for instance. A man might go and start a factory there where there was no excise.

*Mr. Mathias.*—You would be losing your Indian States market?

*Mr. Fateh Ally.*—Yes, unless the Indian States adopted the same policy otherwise it would be easy to have a factory in Hyderabad. He would get protection to the extent of 8 annas. If the States did not have an excise duty the natural development would be in that direction. If you put an excise duty of 8 annas I am quite certain that Ambarnath will not put up its price by more than 4 annas.

*President.*—It comes to the same thing as reducing the price.

*Mr. Fateh Ally.*—As regards the statement I made to you the other day about Mr. Bierman's offer to the Santa Cruz Match Company, the same kind of offer has been made to many other factories here and if you want I can put in an affidavit signed by everyone to whom this proposal was made.

*President.*—I think it would be very good evidence for you if you could give us a joint affidavit.

*Mr. Fateh Ally.*—We will do that.

*President.*—You don't want that to be treated as confidential?

*Mr. Fateh Ally.*—No.

सत्यमेव जयते



**Andheri Match Company, Bombay.***(1) Letter dated the 2nd April 1927.*

With reference to your letter No. 209, dated the 7th March 1927, we beg to send herewith seven copies of the replies to the questionnaire for the consideration of the Tariff Board.

*Replies of the Andheri Match Company, Andheri (Bombay), to the questionnaires of the Tariff Board (Match Industry Inquiry).*

1. Established in 1924; it is a private unregistered firm.
2. The whole capital invested in the firm is held by Indians. There are no Europeans employed in the firm.
3. The firm undertakes the whole process of manufacture.
4. The factory commenced to manufacture in January 1925.
5. 35 cases of 100 gross each per day.
6. Half size;  $\frac{3}{4}$  size; full size. We manufacture mostly half size; and the average number of matches in each box is about 60 matches.
- 7.
8. Situated at Andheri.
  - (a) Yes to some extent.
  - (b) Yes as we use oil and wood as fuel.
  - (c) Yes.
  - (d) Yes.

A site where raw material and good market are available.
9. (a) The Indian manufactured matches are in no way inferior to those imported either from Japan and Europe. But as various kinds of imported matches have been imported into India since several years including Japanese, there is an impression prevailing that it is inferior. The factories in India are producing such qualities as are in demand in different provinces and districts in India and until for some time it is used as is usual Indians do not readily buy new labels.
 

(b) There is no particular prejudice against Indian make but owing to many years' import of foreign matches, it has become a habit with the people to ask for matches bearing those labels and this habit can only be counteracted by sale of Indian matches at cheaper rates. The gradual capturing of the market by Indian produce is evident from increased sales of Indian matches, and if sufficient protection is given for a reasonable time to the industry it will have a fair chance of establishing itself against any competition.

(c) The present retail price of one match box manufactured in India is three pies while that of an imported one is  $4\frac{1}{2}$  pies, if this difference is maintained, then the public will go in for Indian matches.
10. (a) We have found it necessary to a large extent to import wood for the manufacture of splints.
  - (b) No.
  - (c) No.

(1), (2), (3) We buy mostly from Japan and Gothenbourg and the c.i.f. cost is about £3 to £9 per ton of 50 c.ft.

(4) and (5) Rs. 8 per ton.

(6) 15 per cent.

(a) Gugal, Ambo; Magnifera Indica. Ambada; Spondias Magnifera. Shemut, Odina Wodier, Baban, Bahan, Populus Euphratica.

(b)

(c) Old deodar planks and Sawar and Shemut.

12. (a) Yes a very few species.

(b) Yes.

(c) Yes.

Though we are using at present some species of Indian soft wood such as Amba, Gugal, for the manufacture of splints still these species do not come up to the mark of the imported wood. But we fully believe that if proper researches are conducted into the suitability of soft wood for match industry requirements, ample supply of such wood not inferior to imported one will be available from Indian Forests. As far as our knowledge goes attempts are being made and researches conducted by the Forest Research Institute, under the guidance of Mr. Wilson, the Forest Economist to the Government of India, towards this object and some very useful species are reported to be found in Andamans and Burma Forests. If these researches are conducted seriously with the help of Indian Match Manufacturing concerns, there is no ground to be afraid of shortage of suitable soft wood required for this industry.

13. (a) and (b) About 3,000 tons per annum.

14. Good wood about 8½ c.ft. Ordinary wood about 10 c.ft.

15. Usual 50 gross and 100 gross packing cases.

16. Thana and Gujarat.

17. By manual labour.

18. Rs. 2-6-0 per cart load of legs extracted.

19. The cost of wood delivered at factory comes to about Rs. 30 to Rs. 40 per ton for Indian wood and about Rs. 100 to Rs. 125 per ton for Foreign wood.

20. The terms are the same as are offered to the fuel coupe contractors and there is nothing unfavourable about the terms.

21. As regards any quality we have not found any deterioration.

22. (a) We have to draw from greater distance special wood for splints.

(b) To some extent.

(c) To some extent.

23. Indian wood costs about Rs. 30 to Rs. 40 per ton.

24. Yes, so far as wood for veneer is concerned, but for splints we have to look to Punjab and Burma. We have been negotiating with the Forest Economist, Mr. Wilson, who is trying to solve the problem by plantations and we understand that Government is considering the question.

25. No special concession is allowed by Railways for the carriage of wood except that it is carried at the rate of " Fuel " if the consignments are required for *bonâ fide* use of a factory, unless special facilities are offered to match concerns for carriage of soft wood, the resources of Indian Forests will not be fully availed of by Indian concerns and a concession to the extent of 30 to 50 per cent. in the Railway charges will help the industry.

26 and 27. *Raw materials other than wood.*

	lbs.	Total in a year, Ton. cwt. lb.
Chlorate of Potash . . . . .	14	61 12 0
Red Manganese . . . . .	5½	24 4 0
Sulphur . . . . .	3	13 4 0
Bichromate of Potash . . . . .	½	2 4 0
Iron Oxide . . . . .	2½	11 0 0
Glass Powder . . . . .	2½	11 0 0
Zinc Powder . . . . .	1	4 0 0
Kisel . . . . .	2½	11 0 0
Red lead . . . . .	½	2 4 0

	lbs.	Total in a year. Ton. cwt. lb.
Glue . . . . .	3½	15 8 0
Red oxide . . . . .	½	2 4 0
Yellow oxide of lead . . . . .	½	2 4 0
Amorphous Phosphorus . . . . .	1½	6 12 0
Black Sulphide of Antimony . . . . .	2	
Paraffin . . . . .	11	20 0 0
and		

Paoer,—Blue Green and Craft.

The above is the quantity required for the manufacture of one case containing 100 gross.

28. A. Almost all the articles mentioned above are imported except some quality of Indian paper which is used in the manufacture.

B. Information will be sent hereafter.

29. Information will be sent hereafter.

30. No, there will not be any difficulty in securing sufficient labour in this country.

31. It has for the present to rely to a very negligible extent upon imported skilled labour but in few years' time this kind of labour will also be available in sufficient number.

32. 4 persons as assistants; their total pay comes to about Rs. 800 per month.

33. There was no imported labour to any appreciable extent; there were at times 7 assistants but now there are only 4 and every facility is given to Indian workmen to learn the art of mixing chemicals which is the only process that requires skilled labour. Out of these 4 assistants, 2 are going away by the end of July and the Indians working under them will be placed to look after the work of the imported ones.

34. The total number of workmen working within factory are 450, out of which 250 are men, 150 women and 50 boys. A man gets from Re. 1 to Re. 1-2; a woman from annas 10 to annas 12 and a boy from annas 6 to annas 8 per day. Besides these about 250 to 300 women do in their homes the work of pasting veneers.

35. It is all drawn from the vicinity of the site.

36. Yes; but we have not got any record.

37. There is no need for housing the labour in a suburban area.

38. Power used is derived from oil fuel and wood.

39. Does not arise.

40. Oil and wood fuel is used and the same is available in sufficient quantities.

41. No detailed particulars have been kept.

42. The cost of oil fuel delivered at the factory is about Rs. 50 per ton while that of the wood is about Rs. 20 per ton.

43. We use very little wood besides the oil and that is met from waste wood.

44. About 20,000,000 gross of matches per year.

45. The demand is likely to increase and the reasons are that the matches are a every-day necessity of life and depends upon the increase of population and prosperity of the country.

46. Demands for our matches are all over the country and they will be saleable in even the remotest part if transport facilities are given by the railways.

47. Our factory being near Bombay we are placed in almost the same position as the foreign importers.

48. (a) There is no special distinction.

(b) There is every ground to suppose about the illicit imports of matches into India. The opening up of Kathiawar ports and diversion of trade from Bombay to these ports justify our conclusion. The very fact that matches imported through these Kathiawar ports are sold cheaper in the vicinity of Bombay goes to prove the contention that there must be something very wrong with these ports.

49. Sweden.

50. Yes with both.

51. The rates as far as available at which the Swedish imported matches were sold in the market to the wholesale dealers:—

Year.	Rate for Swedish Synd. Matches.			Rate for Indian Matches.		
	Rs.	A.	P.	Rs.	A.	P.
1923 . . . . .	2	0	0	2	1	0 per gross.
1924 . . . . .	2	0	0	1	11	6 to 1 12 0
1925 . . . . .	1	13	0	"	"	"
1926 . . . . .	1	10	6	1	8	6 to 1 9 0
	1	8	0	1	5	6 to 1 6 0
	1	6	6	1	5	0

52. This information can be obtained from Mr. Abdulali Shaikh Adam and Mr. Abdulali Shaikh Ebrahim, who are very old and large dealers in this line having been in this business for over 30 years.

53. Imported matches are sold at a fairly competitive rate but it is not this imported match which is at present competing with Indian make because there is duty of Rs. 1-8 per gross but the Swedish Syndicate which is the largest and almost the only importer of imported matches have established factories in India and they have been selling at very low prices and are out for competing with the Indian product. They never sell at places where the Indian matches are not sold for the simple reason that the Swedish imported matches are sold there. The Swedish Syndicate have openly declared in unequivocal terms to various Indian factory owners, to the merchants and to the dealers that their factories are established in India with the sole object of forcing down the Indian factories and ultimately to have for the Swedish imported matches the sole monopoly of India just as they have acquired monopoly for Syndicate goods in various parts of the world. There is no dealer, or a merchant or a factory owner who is not aware of this declaration, the intended policy. We also draw the attention of the Board to the resolution passed at Calcutta by the conference of all Match Manufacturers held in December 1926 and also the resolution passed at the Indian Industrial and Commercial Congress, held at Calcutta on the 31st December 1926 and 1st and 2nd January 1927, copies of the same are attached herewith.

54. (a) It is not at much disadvantages as the plant and machinery which most of the Indian factories use could be manufactured in India and up to now it is also available from Japan and from some of the European countries; but attempts must be made to manufacture simple machinery in India as soon as possible, because it is a well-known fact that the Swedish Syndicate has been trying to acquire machinery works and they have already acquired some important works and as is their policy the Indian concerns will have either to close down or to pay the price the Syndicate may demand. This equally applies to chemical works on the Continent with regard to which the Syndicate is adopting the same policy. The details of their policy have already been given fully by the representation submitted by the Indian Match Manufacturers' Association, Bombay Presidency, Bombay.

(b) No.

(c) No.

(d), (e) and (f) Yes.

(g) To some extent.

(h) Yes.

(i) There is some difficulty in view of the Swedish Syndicate's threatening policy; but if a definite move towards protection by Government is made ample capital will be forthcoming.

55. We consider these disadvantages temporary as we expect Government to protect us against this foreign Syndicate.

56. Yes. Even if a factory produces 5 cases and if there is no foreign competition, we mean Swedish Syndicate's Indian manufactured goods being sold cheaper, this industry being so simple will be able to stay.

57. About 25 per cent.

58. (a) Most of our machinery is of the Japanese make as is usually used in Japanese factories; there are very few machines for veneer making of Swedish and German make.

(b) No.

59. (a) Yes.

(b) Most of the processes are carried out by manual labour.

60. (a) and (b) We shall certainly like to extend the capacity of our factory to double the present size because there is sufficient demand for our goods in the country but in view of the above-stated competition we are not inclined to do so.

61. Please refer to reply to question No. 58.

62. (a), (b), (c), (d) and (e) The value is about Rs. 2,50,000 besides the value of the stock and raw material is about Rs. 3 lakhs.

63. Value as at present.

64. No such special depreciation fund is maintained.

65. Same as we have incurred and the same will be at present.

66. As we have not imported any machinery of any appreciable value from Europe, the exchange does not affect us.

67, 68, 69, 70 and 71. Does not arise as it is a private company.

72. Does not arise in our case, however, we may mention that if a loan is required it cannot be had for less than 9 per cent. interest; but if protection is granted and once the position of the industry is established capital at 6 per cent. may be available in view of the fact that the produce being a necessity of life will always be considered as easily disposable market goods.

73. Does not arise.

74. Please refer to replies given to questions 60 and 72.

75. The cost at present for the manufacture of one gross of matches of half size comes to about Re. 1 to Re. 1-2.

76 and 77. We have not kept a system of cost accounts.

78. We are not in a position to give.

79 and 80. Income-tax allows 10 per cent. as depreciation but as the machinery is very fragile and as the life of machinery is considered to be 5 years, we consider 20 per cent. allowance to be equitable.

81. About Rs. 3,00,000.

82 and 83. It is a private partnership firm and provides all the capital required. The rate of interest is 9 per cent.

84. No separate account has been kept.

85. The value of the finished stock is about 1½ lakhs. The period of production and payment is three months.

86. No need of stocking large quantity of oil or fuel. But a large quantity of soft wood and chemical is necessary. The value is about 1½ lakhs.

87 and 88. It is a private partnership firm having a factory at Andheri and a selling shop at Nagdevi Street, Bombay City, and Agents in different parts of India.

89 and 90. The expenses of the office and of the selling shop come to about Rs. 1,000 to Rs. 1,500. The rate of selling commission to selling agents is anna 1 per gross. Special discount from  $\frac{1}{2}$  anna to  $1\frac{1}{2}$  anna per gross is given according to the quantity purchased by one dealer at one time; the scale is almost similar to the one adopted by the Swedish Syndicate which is well-known in all the principal markets of India.

91, 92 and 93. Do not concern us.

94. A. Certainly yes.

B. Yes; for some few years protection is necessary. Full details have been given in the representation submitted by the Indian Match Manufacturers' Association, Bombay.

C. Yes. Our representation deals fully with these points and we also refer to the resolution passed by the Conference of all the Match Manufacturers in India that was held at Calcutta in December 1926 and also to the resolution which was passed at the Calcutta Session of the Indian Industrial and Commercial Congress in December last.

95. (a) Yes.

(b) Yes.

96. Yes; the chief feature being that the Indian labour can very well adapt itself to working in all its branches and even the villagers and cultivators can find employment during the leisure hours and furthermore a large quantity of wood in various forests which is of no use for building or fuel purposes could be utilised. And further the cost of match manufacture includes a great proportion of labour costs, i.e., firstly extraction of wood from forests by manual labour, secondly making of veneers by manual labour and the general manufacture in the factory mostly by manual labour. It must also be noted here that it being a necessity of life, everyone contributes towards its purchase, whether rich or poor, and hence this industry should be retained in the country as much as is possible.

97. (a), (b) The duty is Re. 1-8 per gross against imported matches but it is necessary here to mention that while on one hand there is protection from imported matches, on the other hand the Swedish Syndicate which is the cheap importer of imported matches is able to thwart this protection to some extent by establishing factories within India and thereby selling cheaper articles made in India, with the object not of establishing this industry permanently in India but with the object of competing with the Indian factories and ultimately once again establishing a monopoly for the imported stuff.

98. The present import duty of Re. 1-8 per gross should be maintained. Anything less than this rate will jeopardise the whole fabric of this industry and once it is pulled down it will never raise its head again and there will not be any chance of its revival. The reasons for the maintenance of this import duty are manifold, the chief amongst them being the industry being in the hands of a strong syndicate out to control the world's output and demand, the raw materials that are being imported at present in India for the manufacture of matches are sold at the maximum rates, thereby already penalising the Indian concerns for their attempt to compete with the foreign concerns. Unless therefore the industry is established on sound basis no attempt will be made in this country to manufacture chemicals required for the match manufacture and thus Indian concerns are faced not only with the high cost of raw material required for their purpose, but also the suspense whether the Government would come to their aid to protect the industry from utter ruin.

99. There are two other ways by which no undue advantage can be taken by foreign concerns by opening up factories in India; it has already been taken by the Western India Match Company, and the object of such concerns being detrimental to the interests of Indian concerns, an excise duty of annas

eight per gross be levied on the produce of foreign concerns. This will put a stop to the mischievous activities of such concerns in dumping their produce against Indian goods. The other form of assistance is facility for transport of finished goods to different parts of India and cheaper rates for soft woods.

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*Resolution unanimously passed at a Conference of Match Manufacturers in Indian held in Calcutta, under the presidency of Captain Petavel, President of the Indian Match Manufacturers' Association, on 27th December 1926.*

That an excise duty on matches, to the extent of not less than annas 8 per gross, manufactured by factories started with foreign capital as defined below, is indispensable if the Indian Industry is to survive. By factories started by foreign capital is meant those that have not three-quarters of their capital and directors Indian.

That a duty on imported matches, splints and veneers be retained and transferred from the schedule of Revenue to that of protective duties.

That the existing import duty on matches, splints and veneers be retained and on the same scale as before.

That proper control be exercised on the imports of foreign matches into Native States by transshipment methods which are likely to result in an evasion of the custom duties by the transshipment right being abused.

That handicaps in the shape of extraordinary duties levied by Native States upon match manufactured in British India should be removed.

That suitable wood which exists in abundance in Indian Forests and which is the chief raw material in the manufacture of matches must be made available to the match manufacturers by the Government taking up research work in all seriousness and affording every facility for its transport by cheap railway and steamer freight.

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*Resolution No. 8 moved at the Fourth Session of the Indian Industrial and Commercial Congress, held at Calcutta on 1st and 2nd January 1927.*

*Resolution No. 8.*

(a) This Congress is of opinion that the Indian Match Industry fulfils all the conditions laid down in paragraph 97 of the Indian Fiscal Commission and therefore deserves to be protected.

(b) This Congress, therefore, urges that the present rates of import duty on matches, splints and veneers be maintained and that facilities be provided to make suitable indigenous woods easily available and that transport facilities be afforded to the industry.

(c) That this Congress recommends to the Government of India that in order to enable Indian Match Industry to overcome its technical difficulties and to be developed, legislation be undertaken by them to the effect that all trusts of foreign capitalists establishing factories in India should pay an excise on their products, the amount of such excise being fixed at a figure calculated to prevent such trusts from strangling the Indian Match Industry with a view ultimately to monopolising the market.

(d) That it be also enacted that the inclusion of a few Indian capitalists in such a trust should not be considered a plea for its exemption from the operation of the above rule, such mixed trusts being entitled only to a reduction in the amount of the excise in proportion to the Indian capital thus employed.

Proposed by Captain J. W. Petavel.

Seconded by Mr. Hooseinbhoj A. Lalljee, M.L.C., and Mr. R. H. Gandhi..

(2) *Supplementary Statements.*

STATEMENTS HANDED BY THE ANDHERI MATCH COMPANY ON THE 29TH NOVEMBER 1927.

No. 1.—Wimco  $\frac{1}{2}$  size safety matches (100 gross per case).

All labels at Rs. 1-8 f.o.r. Ambernath.

Various brands available at Rs. 1-10-6, ex-godown Calcutta.

*Packing.*—Swedish matches are packed in Zinc cases. Wimco matches ex-Ambernath are contained in Tar paper lined cases: ex-Calcutta, as informed on application.

*Payments.*—All payments to be made cash against R/R either by Draft through Bank or by V. P. P. Bank commission is not payable by dealers. Where Banks are not available and the method of V. P. P. is against dealers' inclinations, payment may be made per *pro forma* invoice.

No. 2.—*Discounts.*

Swedish 1/1 and  $\frac{3}{4}$  sizes—

	Per case.
	Rs. A. P.
5 cases and over . . . . .	1 0 0
10 cases and over . . . . .	1 8 0
25 cases and over . . . . .	2 0 0
50 cases and over . . . . .	3 2 0
100 cases and over . . . . .	4 11 0

Swedish  $\frac{1}{2}$  size only—

	Per case.
	Rs. A. P.
5 cases and over . . . . .	3 0 0
10 cases and over . . . . .	4 0 0
25 cases and over . . . . .	6 4 0
50 cases and over . . . . .	9 6 0

Wimco 1/1 size and  $\frac{1}{2}$  size—Same as per Swedish 1/1 and  $\frac{3}{4}$  size.

Swedish and Wimco orders are to be treated as separate orders. Each order to contain goods for despatch to one place only. Goods for several destinations cannot be combined.

No. 3.

Our production is about 25 cases a day of which we produce 15 to 20 cases Safeties and we produce 5 to 10 cases Sulphur according to demand. Of the safeties we produce we are producing as under of different sizes:—

75 per cent. to 80 per cent. half size.

18 per cent. to 20 per cent. three-fourth size.

2 per cent. to 5 per cent. full size.

We produce of the safeties almost 40 per cent. non-impregnated and 50 per cent. impregnated all sizes. Of the Sulphur we produce all the three sizes according to demand but mostly half size and full size, Ambernath forcing on the market various qualities of matches, good, bad and indifferent to create a contrast between inferiority of Indian and superiority of imported goods.



*Report of Factories' latest prices delivery at Buyers' Godown at Bombay.*

## SAFETIES.

## Indian—

- Half size, Rs. 1-3-6 to Rs. 1-5-0, good quality.
- Half size, Rs. 1-2-6 to Rs. 1-3-0, medium quality.
- Half size, Re. 1-0-0 to Rs. 1-1-0, low quality.
- Three-fourth size, Rs. 1-11-0 to Rs. 1-12-0, good quality.

## No. 4.

## Ambernath half size—

- Superior, Rs. 1-5-0 to Rs. 1-6-0, Cheeta fight.
- Ordinary, Rs. 1-3-0 to Rs. 1-3-6, Wimco.
- Inferior, Re. 0-12-0 to Re. 0-13-0.

But these people have no fixed rate, they reduce and sell them best at Rs. 1-3-0 or Rs. 1-4-0 where somebody else's goods have found market, besides they give discounts to all and rebates to such parties with whom they have created rings such as at Bombay, Poona and other places.

## No. 5.

## Sweden Safeties—

- Half size rates are Rs. 2-2-0 to Rs. 2-4-0.
- Three-fourth size rates are Rs. 2-8-0 to Rs. 2-12-0.
- Full size rates not available but Rs. 2-14-0 to Rs. 2-15-0, outside Bombay.

## No. 6.

## Ambernath, Sulphur—

- Half size, Rs. 1-9-0 to Rs. 1-10-0 per gross.

## Sulphur, imported—

- Half size, Rs. 2-6-0 reduced to Rs. 2-0-0 were Indian goods.
- Three-fourth, Rs. 2-11-6 Red Tip to Rs. 2-4-0.
- Full, Rs. 2-8-0 to Rs. 2-12-0.

## Indian, Sulphur—

- Half, Rs. 1-9-0 to Rs. 1-10-0.
- Three-fourth, Rs. 1-15-0 to Rs. 2-1-0.
- Full, Rs. 2-3-0 to Rs. 2-4-0.

## No. 7.

*Copy of a letter No. 1. B.-5-1906, dated the 19th May 1926, from the Director of Industries, Bombay, to Messrs. The Andheri Match Works, Andheri.*

A certain Match Factory has complained to me that a duty of from 25 to 35 per cent. has been imposed by certain Kathiawar States on matches actually manufactured in this Presidency as under:—

	Per cent.
Mangrole . . . . .	25
Veraval . . . . .	35
Porebunder . . . . .	25

It is also said that this duty is levied on all kinds of matches whether imported from foreign countries or made in India and imported into above-named ports of Kathiawar and, therefore, it not only encourages the import of foreign matches through the Kathiawar ports, but hampers the local match industry as well that has been started in British territory.

I shall be obliged, therefore, if you will let me know your views on this matter and describe any difficulties you may be experiencing in exporting your matches to Kathiawar States either by land or by sea.

I shall be glad if you will also let me know the places you send your matches in India as well as outside of India.

## No. 8.

*Copy of a demi-official letter No. I. B. 5-1618, dated the 1st May 1926, from the Director of Industries, Bombay, to Huseinbhai Lalji, Esq., M.L.O., Bombay.*

A certain match factory has complained to me that an import duty of from 25 to 35 per cent. has been imposed by certain Kathiawar States on matches actually manufactured in this Presidency as under :—

	Per cent.
Mangrole . . . . .	25
Veraval . . . . .	35
Porebunder . . . . .	25

It is said that this duty is levied on all kinds of matches whether imported from foreign countries or made in India and therefore it not only encourages the import of foreign matches through the Kathiawar State ports but hampers the local match industry.

I shall be obliged if you will let me know your views on this matter or call and discuss with me at your leisure by appointment.

## No. 9.

*Statement showing total expenditure on the production of matches for the year 1926-27.*

Per case of 100 gross  $\frac{1}{2}$  sized Safeties—

	1926-27.
	Rs. A. P.
1. Cost of wood for splints and veneers . . . . .	20 10 9
2. Cost of paper . . . . .	4 12 8
3. Cost of chemicals . . . . .	10 2 0
4. Cost of other raw materials . . . . .	3 3 2
5. Factory labour . . . . .	34 6 5
6. Power and fuel . . . . .	0 12 1
7. Ordinary current repairs and maintenance of building, plant and machinery . . . . .	3 2 0
8. General services, supervision and local office charges . . . . .	4 15 2
9. Miscellaneous, e.g., rent, municipal taxes, insurance, etc. . . . .	1 0 8
10. Cost of packing cases . . . . .	7 8 10
	<hr/>
	90 9 9
Depreciation, etc. . . . .	2 1 4
	<hr/>
	92 11 1

## No. 10.

Statement showing works cost per gross of matches.

1926-27.

	Rs.	A.	P.
Per 1 gross of $\frac{1}{2}$ sized Safeties—			
1. Cost of wood for splints and veneers . . . . .	0	3	3.69
2. Cost of paper for labels and wrappers . . . . .	0	0	9.10
3. Cost of chemicals . . . . .	0	1	7.44
4. Cost of other raw materials . . . . .	0	0	6.14
5. Factory labour . . . . .	0	5	6.06
6. Power and fuel . . . . .	0	0	1.44
7. Ordinary current repairs and maintenance of buildings, plant and machinery . . . . .	0	0	6.00
8. General services, supervision and local office charges . . . . .	0	0	9.50
9. Miscellaneous, <i>e.g.</i> , rent, municipal taxes, insurance, etc. . . . .	0	0	2.00
10. Cost of packing cases . . . . .	0	1	2.50
	0	14	5.87
Depreciation, etc. . . . .	0	0	4.00
	0	14	9.87

## No. 11.

## STATEMENT NO. 2.

Chemicals.

	Per gross.
	Rs. A. P.
Chlorate of Potash, 3 casks—336 lbs. per 25 cases . . . . .	0 0 7.42
Other chemicals . . . . .	0 0 1.30
Paraffin . . . . .	0 0 4.20
Side pasting chemicals . . . . .	0 0 2.64
Glues . . . . .	0 0 3.88
	<hr/>
	0 1 7.44

Blue paper on veneers (inner and outer).

## No. 12.

## STATEMENT NO. 3.

Cost of empty case for 100 gross  $\frac{1}{2}$  size matches.

	Per case.
	Rs. A. P.
Packing wooden case for 100 gross . . . . .	4 8 0
Tin lining . . . . .	2 12 0
Labour . . . . .	0 4 0
	<hr/> 7 8 0

	Per case. Rs. A. P.
Tarpaulin instead of zinc, 3 yds., at Re. 0-2-0 per yard . . . . .	0 6 0
Wooden case for 100 gross . . . . .	4 8 0
Labour . . . . .	0 4 0
	<hr/>
	5 2 0
	<hr/>

No. 13.

## STATEMENT No. 4.

	Per grs. $\frac{1}{2}$ size. Rs. A. P.
Labour as per statement No. 1 Rs. 35-2-6 per 100 gross half size . . . . .	0 5 7-50
Chemicals as per statement No. 2 . . . . .	0 1 7-44
Blue paper on inner and outer boxes . . . . .	0 0 6-14
Packing paper and labels . . . . .	0 0 9-10
Aspen wood for splints . . . . .	0 2 0-80
Indian wood for boxes . . . . .	0 1 2-89
Case value including packing and zinc lining Rs. 7-8-0 or tarpaulin Rs. 5-4-0 . . . . .	0 1 2-50
Office establishment, experts and other overhead charges, Rs. 3,100 a month . . . . .	0 0 9-50
Repairs and replacements . . . . .	0 0 6-00
Depreciation and taxes, Rs. 15,000 at 15 per cent. on 1 lakh . . . . .	0 0 4-00
	<hr/>
Plus one anna selling commission . . . . .	0 14 7-87
	<hr/>
Interest on $5\frac{1}{2}$ lakhs . . . . .	0 15 7-87
	<hr/>
Allowance to buyers of quantities . . . . .	0 1 7-87
	<hr/>
Gross cost per gross . . . . .	0 0 6-00
Insurance, taxes, etc. . . . .	1 1 1-87
	<hr/>
	0 0 2-00
	<hr/>
	1 1 3-87
	<hr/>

No. 14.

*Labour of 100 gross  $\frac{1}{2}$  size matches per process.*(1) Engine Ruston Proctor, 55 h. p.  
Rs. 15,000.2-ton fuel (crude oil), per month, cost  
Rs. 150 per 2 ton, 1 month 25  
days.

	Rs.
1 Driver . . . . .	75
1 Engineer . . . . .	150
1 Fitter . . . . .	75
	<hr/>

Per  
100 gross.

300 For 62,500 gross a  
month . . . . . Re. 0-12-1

Per  
100 gross.  
Rs. A. P.

Lubricating oil 2 drams each of 4 gallons at Rs. 3 per gallon.			
(2) Cutting logs in pieces by saw driven by four, six men at Re. 1-0-0 to Rs. 1-2-0 for handling the logs, cost per gross . . . . .			0 4 8
(3) Removing bark by hand, 6 coolies, each Re. 1-0-0 to Rs. 1-2-0 . . . . .			0 4 6
(4) Two machines for peeling—			
	Rs. A. P.		
Vencers for splints by machines—2 machines by day each machine 3 men operators at Rs. 1-8-0 each in all . . . . .	4 8 0		
2 assistant coolies at Re. 1 . . . . .	2 0 0		
8 Women at Re. 0-8-0 . . . . .	4 0 0		
	10 8 0		0 13 6
(5) Two Chopping machines—			
Each machine 2 men operators at Rs. 1-4-0 . . . . .	2 8 0		
4 men carriers at Re. 1 . . . . .	4 0 0		
	6 8 0		0 8 4
(6) Five machines for peeling veneers for boxes—			
Each machine 2 operators at Rs. 1-4-0 . . . . .	2 8 0		
2 carriers at Re. 1 . . . . .	2 0 0		
	4 8 0		0 14 5
(7) Three Lining Machines—			
1 Operator at Rs. 1-4-0 . . . . .	1 4 0		
1 Assistant at Re. 1-0-0 . . . . .	1 0 0		
	2 4 0		0 4 4
(8) Cutting Veneers for over box and drawer (2 parts)—			
2 sets veneers } 3 Machines.			
1 bottom			
Each—			
1 Operator at Rs. 1-8-0 . . . . .	1 8 0		
3 Coolies at Re. 1 . . . . .	3 0 0		
	4 8 0		0 8 9
(9) Box making by hand, i.e., veneer pasting by hand—			
500 Women employed 1,000 sets outer drawers and box pasting (per gross 0-1-9) 7 gross Re. 0-12-0.			
At home (360,000 sets per day for 2,500 gross).			
Average earning per day, Re. 0-8-6 . . . . .			10 15 0

Per  
100 gross.  
Rs. A. P.

## (9A) If worked by machines—

8 machines (4 for outer and 4 for drawer)—

Each Machine—

	Rs. A. P.
1 Operator, at . . . . .	1 8 0
1 Assistant, at . . . . .	1 0 0
	<hr/>
	2 8 0

	Rs. A. P.
1 Muccadam for 4 machines, at . . . . .	2 0 0
1 Pasteman (Kanjiman), at . . . . .	1 0 0
1 Sweeper, at . . . . .	1 0 0
2 Coolies (carriers) . . . . .	2 0 0
	<hr/>
	6 0 0

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1 8 0  
4 0 0    5 12 8

## (10) Two Splints Levelling Machines—

Two Selecting Machines—

Each—

One operator, at . . . . .	1 4 0	1 4 0
Two coolies, at . . . . .	1 0 0	2 0 0
	<hr/>	

3 4 0    0 8 4

(11) Six coolies for filling trays for frame,  
each man at Re. 1-0-0

6 0 0    0 3 10

## (12) Frame filling machine 18 h. p.—

2 Operators by day at Rs. 1-8-0 . . . . .

54 0 0

2 Muccadams by day at Rs. 2-8-0 . . . . .

5 0 0

2 Sweepers by day at Re. 0-12-0 . . . . .

1 8 0

6 8 0    2 6 8

---

60 8 0

## (13) Paraffining 12 men—

2 men at Rs. 2-0-0 . . . . .

4 0 0

10 men at Re. 1-0-0 . . . . .

10 0 0

14 0 0    0 9 0

## (14) Dipping 2 Basin Tables—

2 men each at Rs. 1-8-0 . . . . .

3 0 0

4 coolies each at Re. 1-0-0 . . . . .

4 0 0

7 0 0    0 9 0

## (15) Chemical mixers, Glue levers, etc., 16 men—

3 Men at Rs. 2-0-0 . . . . .

6 0 0

3 Men at Rs. 1-8-0 . . . . .

4 8 0

10 Men at Re. 1-0-0 . . . . .

10 0 0

20 8 0    0 13 0

(16) Eight coolies for handling carriers  
each at Re. 1-0-0

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8 0 0

0 5 1

				Per 100 gross.
	Rs.	A.	P.	Rs. A. P. Rs. A. P.
(17) Releasing machines, 6 men—				
2 Men at Rs. 1-8-0 each . . . .				3 0 0
6 Coolies at Re. 1-0-0 each . . . .	6	0	0	
1 Muccadam at Rs. 2-8-0 . . . .	2	8	0	
2 Sweepers at Re. 0-12-0 each . . . .	1	8	0	1 9 4
	10	0	0	4 9 4
(18) Four coolies as tray carriers from releasing machines to women fillers at Re. 1-0-0 . . . .	4	0	0	0 2 7
(19) Filling of boxes with splints—				
Filling by piece per 100 gross at (Re. 0-2-0 per tray) Rs. 8-5-4.				
216 (1½ gross) per gross at Re. 0-1-4.				
A woman turns out about 6 trays a day.				
A boy turns out about 3 trays a day.				
7 Muccadams at Rs. 1-8-0 . . . .	10	8	0	
1 Supervisor at Rs. 2-8-0 . . . .	2	8	0	
3 Sweepers at Re. 0-12-0 . . . .	2	4	0	per 100 grs.
	15	4	0	0 9 9
(20) Sides-Pasting 12 men—				8 15 1
2 Men at Rs. 1-8-0 . . . .	3	0	0	
10 Men at Re. 1-0-0 . . . .	10	0	0	
1 Muccadam . . . .	2	8	0	
2 Coolies for bringing paste . . . .	2	0	0	
	17	8	0	0 10 11
(21) Packing labour—by piece—				
Dozen packing at Re. 1-0-0 per 100 gross.				
Gross packing at Re. 0-4-0 per 100 gross.				
Case packing at Re. 0-4-0 per case of 100 gross.				
	1-8-8			
1 Muccadam per day Rs. 2-8-0 . . . .	2	8	0	
2 Coolies per day Re. 1-0-0 . . . .	2	0	0	
	4	8	0	1 10 11
(22) Labelling by hand per piece at Re. 0-2-0 per 1,000 pieces . . . .	1	12	10	1 12 10
				35 2 6
or labelling by machines 4 machines cost each Rs. 16,000 per day per machine—				
1 Operator at Rs. 1-4-0.				
1 Coolie at Re. 0-12-0.				
	2-0-0			
at Re. 0-2-0 per 1,000 pieces or about Re. 0-0-3 per gross.				

## No. 15.

## Notes on Market.

## SAFETIES.

	Selling price.	Quantity.
	Rs. A. P.	
$\frac{1}{2}$ size—		
Good quality—Hen brand, impregnated . . . . .	1 4 0	} 75 per cent.
Good quality—Two annas unimpregnated . . . . .	1 4 0	
Medium quality, other labels . . . . .	1 3 0	} 25 per cent.
Low quality, other labels . . . . .	1 1 6	
$\frac{3}{4}$ size—"Hen" Impregnated . . . . .	1 10 0 to 1 11 0	
Full size—Less made and sold . . . . .	2 2 0	
Sulphur—		
$\frac{1}{2}$ size, Rs. 1-8-0 to Rs. 1-10-0.		
$\frac{3}{4}$ size, Rs. 1-14-0 to Rs. 2-0-0.		
Full size, Rs. 2-2-0 to Rs. 2-4-0.		

Cost for  $\frac{3}{4}$  Safeties is 25 per cent. over that for half and quality at 35 per cent.

Cost for full size is 40 per cent. over that for half.

Cost for  $\frac{1}{2}$  Sulphur is 30 per cent. more than Safeties of same size.

Cost for  $\frac{3}{4}$  Sulphur is 25 per cent. more than Sulphur of  $\frac{1}{2}$  size.

Cost of Full Sulphur is 40 per cent. over that for Sulphur  $\frac{1}{2}$  size.

## No. 16.

*Copy of letter dated 7th December 1927, from the Andheri Match Company, to the Secretary, Tariff Board.*

We have the honour to send you herewith, as was suggested by the Board, the trial reports of some of the Indian woods which we had been asked to examine and report as also a copy of the views of the Forest Economist, Dehra Dun, regarding some species of Indian wood suitable and available.

We also send as suggested (3) samples of matches that are made from good Indian wood and which we are often using, for both splints and boxes, further the Board will observe the colour is also fair.

*Extract (paragraphs 26 and 27) from Forest Economist's note on tour in Bombay, May 1927.*

26. In addition to these points however the perennial question of supply of timber for Match making was discussed and the Chief Conservator was good enough to say that he could, and would, supply logs of *Albizzia stipulata* to Messrs. Abdoolabhoy Laljee's Andheri Match Factory, as well as to the Swedish Western India Match Company at Ambernath, for trial for splints and subsequent reports to me. This is one of the timbers that the Andamans undertook to supply last January, but Mr. Abdoolabhoy Laljee informs me that he has heard nothing further from them in this matter, and it would therefore be as well to obtain logs from the Bombay forests since it is found that this is possible.

27. The point in trying this timber is not because there is a good large amount of it available, but because it grows very fast and is not exacting as regards climate and soil, so that if it proves suitable economical plantations on a short rotation can be made. Mr. Hodgson also informed me in



this connection that he had under contemplation the formation of plantations of mango for match making in the Kolaba district where it grows rapidly to a fair size, and is also within easy reach of the match factories. This is a sound scheme as such plantations would always be valuable both for their fruit and their timber even were match making ever to become an industry of the past.

*Copy of memo. No. 13/6-4-G. L., dated 17th June 1927, from the Forest Economist to Messrs. Abdoolahoy Laljee & Co.*

I would be grateful if they would send me a full report on the behaviour of *Albizzia stipulata* when supplied to them by the Chief Conservator of Forests, Bombay.

*Table showing Bombay timbers suitable for match manufacture from Forest Economist, Dehra Dun.*

Serial No.	Name of species.	Suitability.	Locality where available.
1	<i>Bombax malabaricum</i> (Senu)	Suitable for match boxes only.	Plentiful in most localities.
2	<i>Trewia nudiflora</i> (Kaf Kumbia).	Suitable for match splints and inside cases.	Moist forests throughout the Konkan and Kanara, often along streams and in moist places. Common in Central Thana and fairly common in East Khandesh.
3	<i>Excaecaria Agallocha</i> (Gangwa)	Suitable for match splints.	Very common in tidal marshes along the coast.
4	<i>Kydia calycina</i> (Pula)	Good for splints and boxes.	Common in the deciduous forests in the Kanara and Konkan Coast.
5	<i>Alstonia scholaris</i> (Chutiyan)	Ditto	Common in the evergreen forests of Kanara, usually found in deciduous forests throughout the Presidency.
6	<i>Populus euphratica</i> (Bahan)	.....	Sind along the Indus.
7	<i>Dysoxylum binectariferum</i> (Yeriudi).	.....	Western Ghats.
8	<i>Shiocarpus</i> spp.	.....	<i>E. oblongus</i> . (Vern. Thas, Kassoo, gurnoot, wouli, war.) Evergreen Ghat forests.  <i>E. serratus</i> . (Vern. Kumbanga, chungbale, Kan.) Evergreen forests on the Southern Ghats of Kanara. Common near the falls of Gairsappa.  <i>E. tuberculatus</i> . (Vern. bhutali, kan.) Evergreen Ghat forests. Common near Mulamune on the Gairsappa Ghat.

*Copy of letter No. 962, dated 22nd November 1927, from the Divisional Forest Officer, Multan Forest Division, Punjab, to Messrs. Abdoolabhoy Laljee & Co., Bombay.*

During the current year ending with 31st March 1928, we have to cut 128,000 cubic feet stacked of Poplar—*Populus euphratica*—wood, out of which about 10,000 cubic feet solid will be fit for match manufacture and the rest will be all firewood. Timber will be cut into 4 feet long billets, carried and stacked at Gurmani Railway station on Multan Kundian line at Government expense. You are requested to let us know if you will buy the matchwood and if so please quote your rate per cubic foot solid f.o.r. Gurmani.

*Copy of letter, dated 15th September 1927, from Messrs. Abdoolabhoy Laljee & Co., to the Forest Economist, Dehra Dun.*

Reference :—Matchwoods.

With reference to your letters Nos. 25/2208-1/M. F. P., dated 3rd May 1927, 34/2298-1/M. F. P., dated 12th August 1927, and 18/2208-1/M. F. P., dated the 12th February 1927, we beg to enclose herein the reports received from our Andheri Match Factory on the different woods mentioned in your above. Kindly acknowledge receipt and oblige.

#### REPORT REGARDING WOOD TEST.

Name of wood :—*Albizzia stipulata* (Mark A. S.). Received from Divisional Forest Officer, South Andamans.

##### *Particulars.*

- (1) General quality of wood sample . . .  $\frac{1}{2}$  part white,  $\frac{1}{2}$  part red.
- (2) Cross cutting and barking . . . Good.
- (3) Peeling and chopping of splints . . . Good.
- (4) Peeling of outer rims and bottom veneers . Good.
- (5) Suitability in—
  - (a) Outer box making machine.
  - (b) Inner box making machine.
- (6) Suitable for—
  - (a) Splints . . . . . White part good.
  - (b) Outer boxes . . . . . White part good.
  - (c) Rims . . . . . White part good.
  - (d) Bottoms . . . . . White part good.
- (7) General opinion.—Colour white, is good for splints. Veneers for both splints and boxes straight. Red colour will change to dark colour and as such red part is not good for splints.

Wood received on 17th August 1927.

Wood tested on 24th August 1927.

Name of wood.—*Sterculia alata*. (Received from the Divisional Forest Officer, Chittagong Hill Tracts, Rangamati.)

##### *Particulars.*

- (1) General quality of wood sample . . . Somewhat white.
- (2) Cross cutting and barking . . . Not good.

- (3) Peeling and chopping of splints . . . . . Not good.  
 (4) Peeling of outside rims and bottom veneers . . . . . Not good.  
 (5) Suitability for—  
     (a) Outer box making machine.  
     (b) Inner box making machine.  
 (6) Suitable for—  
     (a) Splints . . . . . Not good.  
     (b) Outer box . . . . . Not good.  
     (c) Rims . . . . . Not good.  
     (d) Bottoms . . . . . Not good.  
 (7) General opinion.—Colour white. Cross cutting not good. Breaks over the machine. Veneers for splints and boxes not straight. No good for Match industry.

Wood received on 17th August 1927.

Wood tested on 24th August 1927.

Name of wood:—*Trewia nudiflora*. (Received from the Divisional Forest Officer, Chittagong Hill Tracts, Rangamati.)

*Particulars.*

- (1) General quality of wood sample . . . . . Reddish.  
 (2) Cross cutting and barking . . . . . Good.  
 (3) Peeling and chopping of splints . . . . . Good.  
 (4) Peeling of outside rims and bottom veneers . . . . . Good.  
 (5) Suitability in—  
     (a) Outer box making machine.  
     (b) Inner box making machine.  
 (6) Suitable for—  
     (a) Splints . . . . . Good for 2nd quality.  
     (b) Outer box . . . . . Good.  
     (c) Rims . . . . . Good.  
     (d) Bottoms . . . . . Good.  
 (7) General opinion.—Veneers for splints and boxes are straight. Good for boxes. Wastage 15 per cent.

Wood received on 17th August 1927.

Wood tested on 24th August 1927.

Name of wood:—*Bombax Insigne*. (Received from the Divisional Forest Officer, Chittagong Hill Tracts, Rangamati.)

*Particulars.*

- (1) General quality of wood sample . . . . . Reddish colour.  
 (2) Cross cutting and barking . . . . . Good.  
 (3) Peeling and chopping of splints . . . . . Not good.  
 (4) Peeling of outside rims and bottom veneers . . . . . Good.  
 (5) Suitability in—  
     (a) Outer box making machine.  
     (b) Inner box making machine.

## (6) Suitable for—

- (a) Splints . . . . . Not suitable.  
 (b) Outer box . . . . . Good.  
 (c) Rims . . . . . Good.  
 (d) Bottoms . . . . . Good.

- (7) General opinion.—Colour reddish. Quite good for outer, inner and bottom. Not good for splints owing to dark reddish colour. Veneers straight for both splints and boxes.

Wood received on 17th August 1927.

Wood tested on 24th August 1927.

Name of wood:—*Buchania lancifolia*. (Received from the Divisional Forest Officer, Chittagong Hill Tracts, Rangamati.)

Wood received on 17th August 1927.

Wood tested on 24th August 1927.

*Particulars.*

- (1) General quality of wood sample . . . . . Reddish colour.  
 (2) Cross cutting and barking . . . . . Good.  
 (3) Peeling and chopping of splints . . . . . Good.  
 (4) Peeling of outside rims and bottom veneers . . . . . Good.  
 (5) Suitability in—  
   (a) Outer box making machine.  
   (b) Inner box making machine.  
 (6) Suitable for—  
   (a) Splints . . . . . Good for 2nd quality.  
   (b) Outer box . . . . . Good.  
   (c) Inner box . . . . . Good.  
   (d) Bottoms . . . . . Good.  
 (7) General opinion.—Wood is very dry, so wastage is more. If it is green will be good for splints and outer, inner and bottoms. Veneers are straight for both splints and boxes.

Name of wood:—*Albizzia stipulata*. (Received from the Conservator of Forests, Poona.)

Wood received on 26th July 1927.

Wood tested on 27th July 1927.

*Particulars.*

- (1) General quality of wood sample . . . . .  $\frac{1}{3}$  colour white;  $\frac{2}{3}$  red.  
 (2) Cross cutting and barking . . . . . Good.  
 (3) Peeling and chopping of splints . . . . . Good white part; red part not good.  
 (4) Peeling of outside rims and bottom veneers . . . . . Good.  
 (5) Suitability in—  
   (a) Outer box making machine.  
   (b) Inner box making machine.

## (6) Suitable for—

- (a) Splints . . . . . White part good; red part not good.  
 (b) Outer boxes . . . . . Good.  
 (c) Inner box . . . . . Good.  
 (d) Bottoms . . . . . Good.

- (7) General opinion.—White part quite good for splints, but red part good for boxes only. Veneers for both splints and veneers are straight.

Name of wood:—Albizzia Molucanna. (Received from the Divisional Forest Officer, South Andamans. Mark A. M.)

Wood received on 17th August 1927.

Wood tested on 24th August 1927.

*Particulars.*

- (1) General quality of wood . . . . . Reddish colour.  
 (2) Cross cutting and barking . . . . . Good.  
 (3) Peeling and chopping of splints . . . . . Good.  
 (4) Peeling of outer rims and bottom veneers . . . . . Good.  
 (5) Suitability in—  
   (a) Outer box making machine.  
   (b) Inner box making machine.  
 (6) Suitable for—  
   (a) Splints . . . . . Good for 2nd quality.  
   (b) Outer boxes . . . . . Good.  
   (c) Rims . . . . . Good.  
   (d) Bottoms . . . . . Good.  
 (7) General opinion.—Veneers straight for both splints and boxes. Generally wood suitable for outer, inner and bottom. Not good for splints owing to reddish colour. Wastage 15 per cent.

Name of wood:—Didu Logs (Mark "D"). (Received from the Divisional Forest Officer, South Andamans.)

Wood received on 17th August 1927.

Wood tested on 24th August 1927.

*Particulars.*

- (1) General quality of wood . . . . . Reddish colour—Dark after drying.  
 (2) Cross cutting and barking . . . . . Good.  
 (3) Peeling and chopping of splints . . . . . Not good.  
 (4) Peeling of outside rims and bottom veneers . . . . . Good.  
 (5) Suitability in—  
   (a) Outer box making machine.  
   (b) Inner box making machine.  
 (6) Suitable for—  
   (a) Splints . . . . . Not good owing to dark colour.  
   (b) Outer boxes . . . . . Good.  
   (c) Rims . . . . . Good.  
   (d) Bottoms . . . . . Good.  
 (7) General opinion.—Wood tried and found not good for splints. Will do for boxes. Veneer straight for both splints and boxes.

Name of wood :—Papita (Mark " B "). (Received from the Divisional Forest Officer, South Andamans.)

Wood received on 17th August 1927.

Wood tested on 18th August 1927.

*Particulars.*

- (1) General quality of wood sample . . . . . Colour white.
- (2) Cross cutting and barking . . . . . Not good.
- (3) Peeling and chopping of splints . . . . . Not good.
- (4) Peeling of outer rims and bottom veneers . . . . . Good.
- (5) Suitability in—
  - (a) Outer box making machine.
  - (b) Inner box making machine.
- (6) Suitable for—
  - (a) Splints . . . . . Not good.
  - (b) Outer boxes . . . . . Good.
  - (c) Rims . . . . . Good.
  - (d) Bottoms . . . . . Good.
- (7) General opinion.—Colour white but very soft. Cross cutting of veneers and splints not straight. Good for outer, inner and bottoms as the veneer of the same is straight. Wastage 25 per cent.

Name of wood :—W. Dhup (Mark " E "). (Received from the Divisional Forest Officer, South Andamans.)

Wood received on 17th August 1927.

Wood tested on 17th August 1927.

*Particulars.*

- (1) General quality of wood sample . . . . . Reddish colour.
- (2) Cross cutting and barking . . . . . Good.
- (3) Peeling and chopping of splints . . . . . Good.
- (4) Peeling of outer rims and bottom veneers . . . . . Good.
- (5) Suitability in—
  - (a) Outer box making machine.
  - (b) Inner box making machine.
- (6) Suitable for—
  - (a) Splints . . . . . Good.
  - (b) Outer boxes . . . . . Good.
  - (c) Rims . . . . . Good.
  - (d) Bottoms . . . . . Good.
- (7) General opinion.—The wood is strong and very good for outer and inner boxes and good for splints.

# ANDHERI MATCH COMPANY.

B—ORAL.

## **Evidence of Mr. HUSEINBHOY LALJI, M.L.C. and Mr. HOOSSAIN SOMJEE, Merchant, recorded at Bombay on Tuesday the 29th November 1927.**

### *Introductory.*

*President.*—Are you giving evidence on behalf of the Andheri Match Company?

*Mr. H. Lalji.*—Yes.

*President.*—And you, Mr. Merchant, are you the manager?

*Mr. Merchant.*—I am the manager of Curmally Janmahomed who is one of the partners of the Andheri Match Company.

*President.*—Is he a managing partner?

*Mr. Merchant.*—Yes.

*President.*—Mr. Huseinbhoy Lalji, how are you interested in this Company?

*Mr. H. Lalji.*—This is a concern in which my son is a partner. He has gone to England and I am looking after his business.

*President.*—Then are you giving evidence?

*Mr. H. Lalji.*—I will only help Mr. Merchant.

*President.*—How many partners are there in the Andheri Match Company?

*Mr. Merchant.*—Two Indian firms: Messrs. Curmally Janmahomed and H. H. Laljee.

*Mr. H. A. Lalji.*—Messrs. H. H. Laljee & Co.

*President.*—They have equal interest?

*Mr. Merchant.*—Yes. Both firms are interested in equal proportions.

*President.*—Is it an unregistered firm?

*Mr. Merchant.*—Yes.

*President.*—You started this factory in 1924?

*Mr. Merchant.*—We started working in January 1924.

*President.*—Did you start manufacturing then or were you only dipping the splints?

*Mr. Merchant.*—We were only dipping the splints.

*President.*—When did you first start dipping?

*Mr. Merchant.*—January 1924.

*Dr. Matthai.*—As soon as the firm was established, you started dipping

*Mr. Merchant.*—As soon as the factory started working, we started dipping. The work of erecting the factory was started in June 1923 and things were completed in January 1924 when we started working.

*President.*—Between July 1923 and January 1924 did you do any dipping?

*Mr. Merchant.*—No. We went on with the erection only.

*President.*—And from January 1924 you started dipping?

*Mr. Merchant.*—Yes.

*President.*—When did you start actually manufacturing?

*Mr. Merchant.*—In October 1924.

*President.*—Did you start making splints as well as boxes in October 1924?

*Mr. Merchant.*—Yes.

*President.*—You have not given us your actual figures of production in each year?

*Mr. Merchant.*—They are as follow :—1924—3,00,500 gross; 1925—5,49,600 gross; 1926—6,09,800 gross.

*Dr. Matthai.*—You have not reached your full capacity yet?

*Mr. Merchant.*—No, we have not.

*Dr. Matthai.*—This only represents about 2,000 gross a day?

*Mr. Merchant.*—Yes, on an average. We are at present manufacturing 2,500 gross a day, half size alone.

*President.*—You have not given us your costs for each year?

*Mr. H. Lalji.*—We want to give you figures for your information only. Of course if the statements of all the other factories are made public, then we have no objection to our costs also being published.

*President.*—Messrs. Adamjee Hajee Dawood and Company of Rangoon, the National Match Works and a lot of other people have given their figures.

*Mr. H. Lalji.*—We would not like our figures to be made public at this stage; but we can give you the figures confidentially.

*President.*—Those figures are of no use to us unless we are to publish them, because you are different from people who do not want protection.

*Mr. H. Lalji.*—There is no objection to your publishing our cost figures after the evidence of the Swedish Match Company has been taken.

*President.*—Your point is that these figures should not be made available to the Swedish Match Company until after they have given evidence?

*Mr. H. Lalji.*—That is so.

*President.*—We will examine you later on in camera as regards the costs. In the meantime will you give us the costs of the previous years if you have got them.

#### *Costs.*

*Mr. Merchant.*—It is very difficult to give accurate figures.

*President.*—Will you be able to give us the total cost per gross or per 100 gross without all these details: we just want to see what improvement you have made in your costs. That is important.

*Mr. Merchant.*—We will give you for the previous two years.

*President.*—Your full capacity you say is 35 cases a day?

*Mr. Merchant.*—Yes, half size 35 cases, plus 10 cases other sizes.

*President.*—When do you expect to reach that production?

*Mr. Merchant.*—As soon as the extension work is complete and there is a demand for the goods.

*Mr. H. Lalji.*—We are just extending our factory; we are short of space at the present moment and we have already completed the arrangements. To-day we are producing 2,500 to 2,800 gross a day and we hope within a month to reach 3,500 gross, half size and 1,000 gross other sizes.

*President.*—You are speaking in terms of half size, are you?

*Mr. H. Lalji.*—Yes.

*President.*—Do you make three sizes?

*Mr. H. Lalji.*—So far as we have seen it does not make much difference whether it is full size,  $\frac{3}{4}$  size or half size.

*President.*—You mean as regards cost?

*Mr. H. Lalji.*—Yes. I will give you all the figures that you require.

*Dr. Matthai.*—When you speak of extensions I suppose they are simply extensions to the buildings?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—You are not contemplating installing any new machinery?

*Mr. H. Lalji.*—No.

*Dr. Matthai.*—If you take the  $\frac{3}{4}$  size, does it not generally contain a larger number of splints than the half size?

*Mr. H. Lalji.*—It does.



*Dr. Matthai.*—Would you mind giving me the number of splints in a  $\frac{3}{4}$  size box?

*Mr. H. Lalji.*—70 to 75 splints.

*Dr. Matthai.*—And the dimensions of the splints are the same as those for the full size?

*Mr. H. Lalji.*—The dimensions are the same as those of the  $\frac{3}{4}$  size imported.

*Dr. Matthai.*—Are these splints thicker than  $\frac{1}{2}$  size splints?

*Mr. H. Lalji.*—A little thicker.

*Dr. Matthai.*—And they are slightly longer too, are they not?

*Mr. H. Lalji.*—Yes. We have got three standards—full,  $\frac{3}{4}$  and half. They all correspond to the respective sizes of the imported matches. As regards the number of splints in the half size we give 55 to 60 splints,  $\frac{3}{4}$  size 70 to 75 and full size 90 to 95 splints.

*Dr. Matthai.*—I raise this point because when we visited the Gujerat Islam Match Factory last week we saw some  $\frac{3}{4}$  size matches in which the number of splints was precisely the same as in the half size but only the splints were rather thicker and longer. Of course your position is quite different.

*Mr. H. Lalji.*—When we use any other kind of wood, specially Indian wood, say savar, we make the splints for the  $\frac{3}{4}$  size and the full size a little thicker. The Gujerat Islam Match Factory make theirs a little thicker also and that is why they put a less number of splints.

*President.*—They would make better matches out of Indian wood if their splints were a little thicker because they would be stronger.

*Mr. H. Lalji.*—Stronger they will be, but the point is that the consumer does not care much about it and I am afraid in the interior they do consider whether there are sufficient number of splints in a box. The condition of our people in the interior is very very poor; that is the reason why sulphur matches are finding a market. Some people cannot afford to have a whole match box.

*President.*—But on the Bombay side there is not much demand for the full size?

*Mr. H. Lalji.*—No. The percentage of our production is as follows:—

75 to 80 per cent. half size, 18 to 20 per cent. three-fourth size, 2 to 4 per cent. full size.

*President.*—Is it necessary for you to have these different sizes: would it not be better for you to make only half size?

*Mr. H. Lalji.*—I should say there would not be much difficulty in doing that, but we have got to keep up our customers. The full size is no good to us on the Bombay side but as our goods are also going to the Deccan side and when the dealer comes and says he cannot buy our half size unless we give him a supply of the full size also, we have got to produce a little of the full size matches to keep our customers there.

*Dr. Matthai.*—Do your matches go to Madras?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—What is the popular size?

*Mr. H. Lalji.*—Half size. Our three-fourth size is going to the Nizam's Dominions and our full size to Dharwar, Hubli and down to Mysore.

*Dr. Matthai.*—Practically the whole of the Bombay Presidency is a market for the half size, is it not?

*Mr. H. Lalji.*—Yes mostly. In the principal cities of course  $\frac{3}{4}$  size finds a good market but in the districts half size is more popular.

*President.*—Don't you think that having these different sizes and different labels and so on is one of the weaknesses of the industry here?

#### *Necessity of manufacturing various sizes.*

*Mr. H. Lalji.*—So far as my personal view is concerned it would be better to concentrate on one size and one label, but the trouble is that our competitors.

produce all sorts of labels and we have to do likewise to keep our customers. As I say, it all depends on the whims of the customers; For instance in Hyderabad (Deccan) no picture is allowed; they do not like it, and so we have to put there something else; in some places red colour is preferred whilst in Sind they only want black. So it is all a question of sentiment.

*President.*—Does not that make things more expensive in the long run?

*Mr. H. Lalji.*—It does. Quite apart from expense if one has got one brand which has made a good name just as the Swedish Company has made a name by having two or three labels on the market for years together, I am sure that brand will fetch a very good price.

*Dr. Matthai.*—If you produce just one kind, say half size, by how much do you think you would be able to effect a reduction in the cost?

*Mr. H. Lalji.*—Not appreciably?

*Dr. Matthai.*—It would be very inconsiderable?

*Mr. H. Lalji.*—Yes, because the cost of printing the labels and so on will remain the same.

*Dr. Matthai.*—What about the sizes?

*Mr. H. Lalji.*—As regards sizes, we have to consider the position very seriously. We are faced with competition from foreign countries. In this country half and full sizes are manufactured—Bengal manufactures full size and Bombay half size. Thus there is a clear field for the imported matches in respect of  $\frac{3}{4}$  size. Neither Ambarnath, nor Calcutta, nor Burma cares to produce this size. So long as there is no Indian factory producing this size, we have to do it.

*President.*—The Gujerat Islam Match Factory produces  $\frac{3}{4}$  size only?

*Mr. H. Lalji.*—That factory has been here for a long time, but it is a small factory. Moreover, the finish of their goods is not such as would find a market in Bombay and other places in competition with imported matches. My whole object in saying all this is to show that we are producing  $\frac{3}{4}$  size only because Bengal and Bombay are producing full and half sizes. No other factory, not even the Western India Match Company, is producing  $\frac{3}{4}$  size. But the market for  $\frac{3}{4}$  size is good and consequently we are producing them.

*Dr. Matthai.*—It is a market which but for your production will be catered for almost entirely by foreign matches?

*Mr. H. Lalji.*—Yes.

*President.*—You have 24 labels; are all these labels that you have given us current?

*Mr. H. Lalji.*—The following are the current labels :—

*Safety Matches.*

*Sulphur Matches.*

Hen.

Two Rabbits.

Two Annas.

One Anna.

*President.*—Do you manufacture sulphur matches?

*Mr. H. Lalji.*—Yes.

*President.*— $\frac{3}{4}$  size also in sulphur matches?

*Mr. H. Lalji.*—Yes, but it does not make much difference.

*President.*—In a moment, I will explain to you how it does. How many labels are you using?

*Mr. H. Lalji.*—Safety—six; sulphur—three; altogether nine.

*President.*—You say that the Indian manufactured matches are in no way inferior to those imported either from Japan or from Europe. Are you talking of matches made out of aspen, or are you talking of matches made out of Indian wood—which ones are you referring to?

*Mr. H. Lalji.*—We are referring to matches made out of aspen, and also to matches made of Indian wood of good quality and boxes made of Indian wood.

*Question of Indian wood supply.*

*President.*—Which Indian wood of which you have experience do you think is as good as aspen?

*Mr. H. Lalji.*—We have found that of the different kinds of Indian wood ambada and baban are the best.

*President.*—Have you got splints made out of these? Our trouble has been that everybody has told us that good splints are being made out of good Indian wood, but we have not been able to get good specimens?

*Mr. H. Lalji.*—At present our position is that we could not get regular supply of Indian wood.

*President.*—How do you expect the Board to say with any confidence that there are woods in this country out of which you can make good matches? We must have some evidence.

*Mr. H. Lalji.*—I will tell you one thing. We have made our reports to the Forest Research Officer at Dehra Dun. As far as the trial which we have made with the Indian wood which is found in India is concerned, I may say that it is entirely satisfactory.

*President.*—We really do not go on other people's reports. As far as possible, we try to form our own judgment in most cases.

*Mr. H. Lalji.*—They are the Government of India experts. I shall send you copies of the reports we submitted to them.

*Dr. Matthai.*—What are the botanical names of the trees?

*Mr. H. Lalji.*—They are mentioned in the reports. We have also given that in answer to question 11.

*Dr. Matthai.*—It is difficult to get *populus euphratica* in sufficient quantities in Bombay, is it not?

*Mr. H. Lalji.*—But we have just received a letter from the Government of Punjab offering us this particular wood.

*Dr. Matthai.*—It is a long lead from Bombay to the Punjab?

*Mr. H. Lalji.*—We have all along been corresponding with the Government departments for supply of timber and they are trying to help us; but of course the machinery is slow—that is my personal opinion. At the same time I must say that we have got now from the Government of Punjab the offer of this particular wood and certain agencies are conceding us railway facilities as well.

*President.*—We want some real evidence as to what the matches are like.

*Mr. H. Lalji.*—We will give you this letter, (handed in).

*President.*—Is this a report?

*Mr. H. Lalji.*—It is a letter from the Kashmir Government offering us another kind of wood.

*President.*—It is no use giving us reports from other people.

*Mr. H. Lalji.*—The question is you want the samples of matches and so I take it you want the report on their working.

*President.*—No. We want the actual results that you have obtained by the manufacture of matches out of these particular classes of wood.

*Mr. H. Lalji.*—It is a well known fact that there are two kinds of wood which every factory finds suitable but our difficulty has been in getting sufficient quantities of those particular kinds of wood.

*President.*—Which is the wood that is particularly suitable for splints?

*Mr. H. Lalji.*—*Populus Euphratica* (baban). It is well known all over India as a suitable wood for splints.

*Dr. Matthai.*—You get that in Sind?

*Mr. H. Lalji.*—Both in Sind and in the Punjab. In the former place it is very scattered but in the Punjab it is available in sufficient quantities.

*President.*—Have you made matches out of this and put them on the market?

*Mr. H. Lalji.*—Yes, under the “Two Annas” Brand. We have also found splints made out of white savar and also out of mango to be very good.

*Dr. Matthai.*—What is white savar?

*Mr. H. Lalji.*—*Bombax malabaricum*. You will find that there are two kinds of this species, one white and the other reddish.

*Dr. Matthai.*—*Bombax* splints are generally rather dark, are they not? When you say white savar is there a special variety of *bombax* that gives you whiter splints?

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—It depends on the locality in which it grows, does it not?

*Mr. H. Lalji.*—Yes.

*President.*—Mango does not make attractive splints, does it?

*Mr. H. Lalji.*—No, but there again there are two kinds of mango; splints made out of a young mango tree would be whiter than those made out of an older one.

*Dr. Matthai.*—Have you made any ambada splints?

*Mr. H. Lalji.*—We put them on the market last year; we have not got any dipped and ready now. I will give you some undipped splints made out of ambada. We have specially kept them to see how long they will keep up the colour.

*Dr. Matthai.*—What about *populus euphratica*?

*Mr. H. Lalji.*—It is very good. It is quite white and stronger and better than most of the others.

*Dr. Matthai.*—Provided you get it in sufficient quantities?

*Mr. H. Lalji.*—Yes. We got quantities from the Andamans and also from all parts of India, the Punjab, Assam, Sind, and we have reported on them to the Dehra Dun Forest Research Institute.

*President.*—But supposing you could not get this wood at your factory at an economic price, what is the good?

*Mr. H. Lalji.*—It can be brought. We never expected this thing to turn up. This letter from the Kashmir Government (shown) was received only 2 days back and a representative from there came down from Kashmir and saw me on the 27th November.

*President.*—This letter from the Kashmir Forest Officer does not amount to anything.

*Mr. H. Lalji.*—We have had a long correspondence with these people and ultimately they have brought down the wood to the station and they want our quotation.

*President.*—If this *populus euphratica* is brought down how much would it cost you at the factory?

*Mr. H. Lalji.*—It all depends upon the railway freight. At present the railway freight is high and it would cost about Rs. 110 to our factory at the present rate.

*President.*—How would it then be cheaper than aspen?

*Mr. H. Lalji.*—Aspen also is Rs. 110 but that is because of the railway freight; here is a letter from another competitor (shown) who has offered us a cheaper price.

*Dr. Matthai.*—This Rs. 110 would be the cost if the railway rates were charged at fuel rate?

*Mr. H. Lalji.*—Yes; that fuel rate is not a very great concession. This Rs. 110 is calculated taking railway freight at the fuel rate but I may probably offer the contractor a lower rate and he may accept less for the wood.

*President.*—Have you tried to calculate at what rate Indian wood would be definitely cheaper than aspen? You have got to take into account not only

the cost of the wood but the quantities that you use and the fact also that aspen gets a little better price. Comparing the two you have got to satisfy the Board that there is a figure at which the Indian wood would be definitely cheaper than aspen. That is the sort of evidence we require. But so far I don't think we have had very much of it. Supposing Indian splints could be made at, say,  $1\frac{1}{2}$  anna per gross cheaper, the evidence then is that aspen fetches  $1\frac{1}{2}$  anna more than Indian wood. Taking into consideration both the price of the wood and the quantity of wood that you require for a gross of matches and the prices that you realize for matches made out of aspen and Indian wood, you have got to show that at a particular price Indian wood is cheaper. Having given that price you have got to show that you can get the Indian wood at the factory at that price. These are the two points. It is no use saying that freight should be reduced and other things must be done.

*Mr. H. Lalji.*—As things are at present I say that this *populus euphratica* we could get in Bombay at the price of aspen at our factory and I do not think that you will find any difference between the aspen wood splint and this splint.

*President.*—I have not seen this *populus euphratica* but I have seen matches made out of *populus euphratica* in Burma. They were very inferior—they were so bad that they had to colour the splints. There is another difficulty about *populus euphratica*, namely that it is too resinous and it spoils the knives and it has got knots also, so that it is no use saying that there is *populus* and that it is not dearer than aspen and that the matches made out of it are as good as aspen. Can you prove it?

*Mr. H. Lalji.*—How can we prove it?

*President.*—You can prove it by actually manufacturing matches out of that wood and by putting them on the market. You first get the cost of the wood and of the splints and if you are able to show that the price you realize is as good as the price of aspen matches, then you establish something.

*Mr. H. Lalji.*—I have told you that we tried ambada and baban wood and put them on the market and we found them as good as aspen.

*Dr. Matthai.*—What quantity of matches did you make out of *populus euphratica* approximately, in terms of gross?

*Mr. H. Lalji.*—If you give me time I can give you the actual quantity that we turned out of baban and ambada.

*Dr. Matthai.*—You have done it on a sufficiently large scale to form some conclusions about it, have you not?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—Apart from quality and appearance what about the wastage in the *populus*?

*Mr. H. Lalji.*—There is a little more wastage.

*Dr. Matthai.*—How does it compare with aspen? Is it considerably more?

*Mr. H. Lalji.*—I am not an expert, so I cannot say about that.

*Dr. Matthai.*—As far as wastage is concerned *populus* stands on more or less the same footing as bombax, does it not?

*Mr. H. Lalji.*—I can't give you a definite answer without consulting our experts.

*President.*—We have rather strayed away from the point. I was trying to ask you to what matches were you referring in your reply to question 9 (a).

*Mr. H. Lalji.*—With regard to this statement I must make it quite clear that the question of splints made out of aspen or out of Indian wood and other things are more or less taken into consideration in big cities, but so far as the districts are concerned—and the large consumption is in the districts—there is not much prejudice against the Indian wood if the colour is not far inferior to that of aspen.

*President.*—And also provided that it is a little cheaper than aspen?

*Mr. H. Lalji.*—I don't think so.

*President.*—In the same shop supposing a man is selling both aspen and Indian wood matches, will a customer take the Indian wood match at the same price as the aspen wood match?

*Mr. H. Lalji.*—I think there will be a little difference. I may tell you that the general impression is that during the monsoon the Indian wood match does not burn or that it goes bad after some time. Really speaking what we meant to convey is that leaving aside the colour of the splint the Indian matches are as good as imported matches in all other respects throughout the year, and that is the real test.

*Mr. Mathias.*—You mean matches made out of bombax malabaricum?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—You do not suggest, do you, that bombax splints are quite as strong as aspen splints?

*Mr. H. Lalji.*—The question is as regards the lighting properties of the match.

*President.*—And for all practical purposes they are equal?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—If you use bombax splints you break many more splints than you would do in the case of aspen splints?

*Mr. H. Lalji.*—Probably.

*Dr. Matthai.*—So that that is a point against bombax apart from burning.

*Mr. H. Lalji.*—Probably so.

*President.*—In answer to question 9 (b) you say "There is no particular prejudice against Indian makes but owing to many years import of foreign matches it has become a habit with the people to ask for matches bearing those labels and this habit can only be counter-acted by sale of Indian matches at cheaper rates". But the simplest way would be to abolish the labels, would it not?

#### *The importance of labels.*

*Mr. H. Lalji.*—Take any commodity, say, cloth. You will find that labels are more or less a great factor. If it turn out a good quality of cloth and have a good trade mark people will buy that particular trade mark and even when the quality deteriorates, at least for six months, people will continue to go by the label and specially in India where the masses do not go into the details of manufacture, labels are the guiding thing to them.

*President.*—What I am trying to suggest is this. When a new label is put on the market, in order to push that label you have to give some inducement both to your commission agent and to the consumer, isn't that so?

*Mr. H. Lalji.*—Quite right.

*President.*—Therefore it becomes more and more necessary for every man who wants to have any business to reduce his price.

*Mr. H. Lalji.*—That is so.

*President.*—That is what has been happening in the match industry.

*Mr. Lalji.*—I cannot admit one way or the other for the simple reason that the Indian industry is still in its infancy, and there are no labels so far which have made any mark.

*President.*—If it were not a fact that it is necessary for you to have these labels you would not have them and therefore does it not follow that if a man wants to start his own label, before that label acquires any reputation he must offer his matches at a lower price than his rivals? Is not that happening to some extent in the Match Industry?

*Mr. H. Lalji.*—It is.

*President.*—Has not that brought down the prices?

*Mr. H. Lalji.*—No.

*President.*—Your answer is not consistent?

*Mr. H. Lalji.*—When you say it has brought down the prices, I say it is not this label competition that has brought down the prices to any great extent—the label competition would at the most account for a quarter of an anna or half an anna. People generally stick to labels which they take a fancy for. Take my own concrete case. I started the two anna label and people at once took a fancy to it, and this label is going on very well. 70 per cent. of our present production consists of two anna label.

*President.*—Supposing I want to compete against you and I want to push my matches against yours. You have already got a footing on the market and I want to oust you. Would it not be necessary to say “if you sell at say Rs. 1-8-0 per gross, I will have to sell mine at Rs. 1-6-0”.

*Mr. H. Lalji.*—Not so much; they will make it a pice less.

*President.*—How else could you expect a newcomer in the business to get a footing?

*Mr. H. Lalji.*—At the present moment all the matches made by Indian factories are taken as one quality. None of our labels has as yet caught the fancy of the public and none of these has got a renowned name to get one rupee or eight annas more than the others. After we get a hold on the market, say, after 10 or 20 years and once our production is so very large as to find a market in all parts of India then perhaps one particular brand may get 1½ anna or 2 annas more than others. At the present moment all Indian matches are classed as of almost the same quality, so if the newcomer reduces his price for introducing a new label, quarter of anna less goes in.

*Mr. Merchant.*—If you want to introduce a new label which is as good as our Two Annas label, all that you will be required to do by the wholesaler is to reduce your price by a quarter of an anna and not more per gross. Then your label will be classed among “any” labels which have not made a name and there are so many “any” labels on the market which have not made a name. In the case of our Two Annas brand, it will find an immediate market any time simply because we have supplied very good stuff under this label in the past. That is the impression left in the mind of our customers in any case and because of that impression it will find a ready market at a slightly higher price. As things stand, however, there is not much difference.

*Dr. Matthai.*—Supposing as a manufacturer I come into the field and put a new label on the market, in order to give that label a start in the market I have got to price it at 3 pies less. Supposing my label has been on the market for about six months and the consumer finds it is as good as any other Indian match put on the market, then I raise my price by 3 pies and somebody else then comes on the market with a new label and reduces his price by 3 pies.

*Mr. Merchant.*—But in the present state of demand that handicap does not remain so heavy because to the wholesaler the earlier new labels and the old labels are both equally good. It is not a fact that the new labels bring down the market.

*Dr. Matthai.*—What really brings down the price is competition amongst the manufacturers.

*Mr. Merchant.*—Yes. There are already some labels which have not made their name. They all come under just another Indian or “any” label class and nothing more, and the market is the same whether it is yours or somebody else's.

*President.*—But in order to induce your commission agent or the retailer to push your matches you must reduce your price.

*Mr. Merchant.*—To push your label in the beginning you or the wholesaler will have to put it into the ‘any label’ class.

*President.*—But he would want some consideration for it?

*Mr. Merchant.*—He would.

*President.*—So that every time a new label is pushed into the market he wants his consideration.

*Mr. Merchant.*—Exactly. But the difference between his buying price for any label and the label in demand won't be more than a quarter of an anna and sometimes half an anna.

*Mr. Mathias.*—I say I have a new label. You say the wholesale merchant will give me a quarter of an anna less. Supposing I am anxious to push this label, I say "look here, it is not good enough merely to class this label in the 'any class' Indian label. I want to push the sale. As this is a new label I will let you have the matches one anna cheaper if you will advertise the brand". Does not that happen?

*Mr. H. Lalji.*—That does happen if the man can afford to give one anna cheaper, but then the question arises whether the other man who has already got his matches on the market under a well-known label will reduce his price because of a small factory or a small party coming up with a small quantity of matches. We have got 30 labels or perhaps more. There are very few big factories and one who has got a market for his label does not want to reduce his rate so that the other man may not come in. I would not reduce my rate for a production of 50 or 100 cases because a new factory comes in the market with a production of 5 gross a day. It is not necessary.

*Mr. Mathias.*—It is not necessary but it may happen?

*Mr. H. Lalji.*—It may happen if there is a big competition. It may also happen if anybody wants money badly.

*Mr. Mathias.*—There is big competition.

*Mr. H. Lalji.*—I would not say that there is very big competition. In fact many witnesses have told you that the real competition is with regard to the Swedish Syndicate; they have got nearly 200 or 300 labels of which 30 or 40 labels are used for their Indian manufacture and they have got different rates and different allowances. Then they have got a rebate system to be given over and above their rates. Wherever their label begins to compete they can afford to reduce their rates, so that it is not the labels that are really bringing down the prices. If anybody were to tell me that labels have brought down the market, I would say that very little consideration has been given to the whole question.

*President.*—How can people compete except by labels? Do you compete by name?

*Mr. H. Lalji.*—The competition is between Indian and foreign matches.

*President.*—Have not the prices come down as a result of competition amongst the manufacturers?

*Mr. H. Lalji.*—Yes, they have.

*President.*—Does it not come to the same thing?

*Mr. H. Lalji.*—I should say no. As I told you just now, it is not labels that have brought down the market. If it is an Indian match selling at two annas less than other Indian matches then everybody will take it up, but no Indian factory as it is at present constituted, with its small investment, can reduce its price by more than a quarter of an anna and that is sufficient for the introduction of a new label.

*President.*—Then I do not see the point of introducing new labels at all if you say the introduction of a new label has no effect on the sales whatsoever?

*Mr. H. Lalji.*—I have just explained to you that we are forced to use all these different labels to appeal to the sentiment of the people of different provinces and districts. For instance people in Hyderabad (Deccan) will have no picture at all, while in Sind they want a dark coloured label and then again Dharwar they want a wonderful colour (shown). This you will see that we have to manufacture all these different labels because people have got sentiments with regard to colour, picture and so on.

*Mr. Mathias.*—Is it correct that you do not reduce your prices in order to introduce your new label; what you do is to increase your price as soon as your label becomes popular?



*Mr. H. Lalji.*—We have not had the good fortune so far to increase our price because of competition.

*Mr. Mathias.*—Did you ever raise your price by a quarter of an anna?

*Mr. H. Lalji.*—I have never had that good fortune.

*Mr. Mathias.*—It would be incorrect if we were to say that you raised your price, would it?

*Mr. H. Lalji.*—Yes.

*President.*—You say that the present retail price of one match box half size manufactured in India is 3 pies while that of an imported one is  $4\frac{1}{2}$  pies. If this difference is maintained, the public will go in for Indian matches. Do you think that supposing there were no foreign matches in the country, you would be able to sell Indian matches at  $4\frac{1}{2}$  pies?

*Mr. H. Lalji.*—If there is no competition, we can get any price.

*President.*—I am not talking of competition now. Will the Indian matches fetch the same price as the foreign matches? I will put it to you this way. Supposing the price of Indian matches were raised to  $4\frac{1}{2}$  pies, will the demand for Indian matches come down?

*Mr. H. Lalji.*—I think so.

*Dr. Matthai.*—Do you think that it will?

*Mr. H. Lalji.*—Yes. People being poor will use less.

*Dr. Matthai.*—Do you think that it would make a considerable difference?

*Mr. H. Lalji.*—Everything affects the people.

*Dr. Matthai.*—It is one of those things that people have got to use in more or less definite quantities. Do you think that a small difference like  $1\frac{1}{2}$  pies would make any difference to the consumer?

*Mr. H. Lalji.*—I may tell you that we have had experience in the matter of the salt tax. It was said that a reduction of four annas per maund was nothing, but we know as a fact that when the duty went up, the consumption was less. Salt is as you know, a greater necessity than matches.

*Mr. Mathias.*—During the war, the price rose to some extraordinary figure.

*Mr. H. Lalji.*—And that must have affected the consumption.

*President.*—Figures don't suggest it.

*Mr. H. Lalji.*—The population must have increased or the prosperity must have improved.

*President.*—We have got import figures. The prices do not seem to have affected the consumption very much.

*Mr. H. Lalji.*—I cannot claim myself to be an expert, but as an ordinary man I consider that when the price of a commodity goes up, consumption naturally goes down especially in a poor country like India.

*President.*—At what point do you think that the demand for matches would be affected?

*Mr. H. Lalji.*—I think that the demand will be affected if the present price goes up above 50 per cent.

*President.*—If the price went up from 3 pies to  $4\frac{1}{2}$  pies, the demand would not be affected very much.

*Mr. H. Lalji.*—Not very much.

*Mr. Mathias.*—Have you found the demand increasing for matches very much in recent years?

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—Have you got any figures to show that?

*Mr. H. Lalji.*—No.

*Dr. Matthai.*—How do you get the impression that it has increased?

*Mr. H. Lalji.*—I think that the total quantity of matches imported as well as manufactured in India is more now than before.

*Dr. Matthai.*—The imports have been steadily coming down.

*Mr. H. Lalji.*—Even so, as the price of matches is less, people buy more matches.

*President.*—We have been trying to estimate the actual production in the country and to add to that the import figures but so far we have not been able to get any accurate figures. If we took the pre-war figures, before any matches were manufactured in the country, the imports were 15 million gross which represented the consumption. I think that you have given 20 million gross as the figure. Now on what do you base that figure of 20 million gross? Anyhow the prices to-day are higher than pre-war, are not they? Even the prices of Indian matches are higher.

*Mr. H. Lalji.*—Yes, but I can't tell you off-hand.

*President.*—If the consumption has gone up from 15 to 20 million gross, it shows that in spite of the price having gone up the consumption has gone up.

*Mr. H. Lalji.*—I do not know.

*Dr. Matthai.*—The pre-war rates were simply the pre-war import prices less the duty, which was then negligible.

*Mr. H. Lalji.*—Any reasonable increase may not affect the consumption, but that basis has to be found out.

*Dr. Matthai.*—That is the whole point. There is a particular point at which even matches might react.

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—As a man in the business, we are asking you if you could give us some indication whether a rise from 3 to 4½ pice would make any difference.

*Mr. H. Lalji.*—Not much. The difference would be very little if the price went up to 50 per cent. above the present price, but if it went up more than that, then the consumption would be affected.

*President.*—Do you mean 50 per cent. on the retail price?

*Mr. H. Lalji.*—Yes.

#### *Supply of Indian wood.*

*President.*—As regards the question of wood to which you referred, we have got replies from the Dehra Dun Forest Research Institute. I confess that they do not give a very cheerful account of the prospect, though you seem to think that they are doing a great deal in that direction. I do not express any opinion, but I am only pointing out to you that what we have heard from the Forest Research Institute is not very encouraging.

*Mr. H. Lalji.*—May I know when they made that report to you—would it be about the time that we made ours in December last?

*President.*—It is more recent.

*Mr. H. Lalji.*—I am prepared to place before you the whole correspondence that we had with them.

*President.*—This is what they say after giving a list of woods as to the suitability of which there now seems to be little doubt:—

“There is little doubt, however, that there is not a timber in India produceable at a competitive price, if indeed one exists at all, that can be compared with aspen for making splints and that therefore if a first class match is to be made in this country it will have to be of imported timber. It is possible of course that during the search for such a timber, that has now lasted for over 30 years, a suitable timber which does exist has been overlooked, but this is unlikely. And it is reasonably certain that no such timber does exist in sufficient quantities to be of any immediate use as a substitute to replace aspen entirely.”

So that I am just warning you that your impression is certainly not borne out by what they have communicated to us.

*Mr. H. Lalji.*—I would like to place before you certain correspondence that we had recently with them (handed in).

*President.*—The portion I have quoted is from their letter of 7th April 1927. Speaking generally every applicant has said that there is plenty of wood in the country and so on and that if certain things were done by Government plenty of wood would be available, but supposing we took the total requirements of the country at 20 million gross of matches, then all the wood that you would require would be about 100,000 tons for boxes and splints. As regards boxes so far there is no difficulty; nearly all of you have been able to secure some kind or other of Indian wood. So that leaves about 50,000 tons for splints. Now as regards this quantity Government cannot expect to make more than Rs. 10 a ton at the very most on that and there are about nine local Governments.

*Mr. H. Lalji.*—Yes, taking Delhi also as a separate province.

*President.*—If you spread that amount amongst 9 local Governments it is not an attractive proposition from any Government's point of view—I am just putting to you the Government point of view—and therefore unless some local Government which stands the best chance of producing the wood undertakes to supply the whole of the demand it does not appear to be a commercial proposition.

*Mr. H. Lalji.*—But then there is one thing and that is even with regard to the wood we are getting for boxes, that means so much extra revenue to Government.

*President.*—Taking 100,000 tons altogether that will give them only Rs. 10 lakhs. Look at it from the business point of view; you cannot induce any local Government to undertake research on a large scale for a very small market. I would therefore like some suggestion from you as to the way in which it could be made remunerative for some Government or other to produce that wood for the whole market.

*Mr. H. Lalji.*—I am very diffident now to say anything because you want me to confine myself strictly to a thing which I cannot explain fully. You are confining yourself to only rupees, annas and pies.

*President.*—That is our principal business, I am afraid!

*Mr. H. Lalji.*—But the whole question every Government have to consider is the employment that they would give to the people.

*President.*—The employment is within the margin of Rs. 10 so far as Government is concerned, so that employment which includes royalty as well as wages does not amount to very much.

*Mr. Merchant.*—What about the railway tariff; if wood has to be brought from a big distance.

*President.*—Supposing 100,000 tons have to be brought, is that a great inducement to the railway company to reduce the freight? We must look at the railways from the business point of view. Supposing you were the owner of the railways would you be induced to reduce your freight for 100,000 tons which is such a small portion of your takings? It is no use labouring a point which cannot be made. I am suggesting to you whether it would not be better if a particular province or a particular locality were selected and attempts were made to concentrate on the supply of wood from that particular locality? Then it may be possible for you to obtain your wood regularly and at a reasonable price. There are two places mentioned particularly by the forest officers—one is Burma and the other is the Andamans. There may be room for one but it is doubtful having regard to the small demand whether there will be room for both.

*Mr. H. Lalji.*—I am still of opinion that we have wood in almost all the provinces and that at present a lot of wood is treated as waste wood for which Government do not get anything nor does it give any employment to anybody. When Government are developing industries in order to find some employment for the people, this development of forest research

is bound to help the Government revenue, but to what extent is a question I am not prepared to answer at the moment.

*President.*—All the local Governments as far as we can see have been doing research work in their own way but the replies we have received from them do not appear to be favourable. They say there are certain quantities of wood available but what you want really is that the wood must be concentrated in a certain area, that it must be easy of access and that the transport charges should not be prohibitive, but no local Government has so far been able to discover very large quantities of wood which would fulfil these conditions except in the Andamans.

*Mr. H. Lalji.*—So far as my province is concerned I have had to do something with the Forest Department. They called for tenders and last year we put in our tender for forest on the Bassein side and we got our requirements from there. This year in October last they invited tenders and we have quoted for 5,000 tons, so that we find there is wood and we have given you a copy of our agreement with the Forest Department.

*Dr. Matthai.*—What area is this?

*Mr. H. Lalji.*—Kolaba district.

*President.*—How much timber do you expect to get?

*Mr. H. Lalji.*—Enough for my requirements.

*President.*—For how many years?

*Mr. H. Lalji.*—From the information that I have received this forest can take us through for ten years.

*M. Mathias.*—If you are able to obtain wood at present what developments do you wish Government to undertake? I thought your complaint was that you could not get wood.

*Mr. H. Lalji.*—I said there was wood—in fact I have always maintained that there is wood—but the trouble was that we could not get it because there was a system of giving contracts by coupes and coupe contractors took out the sal and other valuable wood and did not care for this wood.

*Mr. Mathias.*—Now you have been able to get this wood, have you not?

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—So that your main objection is removed?

*Mr. H. Lalji.*—Yes. I may tell you that we have got sufficient wood, and even after this tender was out, I saw an advertisement for extraction of wood in the Tapti Valley district. I do not know who got it because I had already got sufficient quantity and I did not tender for that.

*Mr. Mathias.*—These contracts are merely for the extraction of particular kinds of soft wood, are they not? What are the terms?

*Mr. H. Lalji.*—Here is a copy of the contract.

*Dr. Matthai.*—What are the terms on which you got them?

*Mr. H. Lalji.*—Ordinary coupe contract terms, that is per cart load. In 1924, the Western India Match Company was paying one rupee per cart; in 1926 I offered for Bassein Rs. 2-6-0 per cart and then in October 1927 when we got this contract we got it at Rs. 1-8-0 per cart for soft wood and Rs. 3-4-0 per cart for mango wood. There were about 10 species of soft wood in the forest.

*Dr. Matthai.*—What will that cost you to land at the factory?

*Mr. H. Lalji.*—All soft wood except mango would cost about Rs. 40 to Rs. 45 a ton and mango about Rs. 60 a ton.

*President.*—Those you think you would be able to use both for splints and boxes?

*Mr. H. Lalji.*—We hope so. When we took up the Bassein contract we did not know anything about ambada and when we came across this wood in the forests we placed these with the experts and we were told these were quite good for matches.

*President.*—The Forest Economist has mentioned these different species of wood in his letter to us. If you will give us a list of the woods which you have found suitable it would help us when we examine Mr. Wilson.

*Mr. H. Lalji.*—We will send you a list.

*Mr. Mathias.*—Do you use sālai?

*Mr. H. Lalji.*—Yes, we are using it.

*Mr. Mathias.*—You are using these for boxes and not for splints I suppose?

*Mr. H. Lalji.*—That is so. By the way, I can let you have a copy of the report of the expert appointed by the Western India Match Company as to the kinds of wood available in the Bombay Presidency suitable for match manufacture (handed in).

*President.*—Of course the Western India Match Company think that these woods are not suitable on the whole.

*Mr. H. Lalji.*—I will read an extract from the prospectus of the Assam Match Company about the suitability of Indian wood for match manufacture which might interest you. It runs as follows:—

“Being satisfied as a result of experiments during the last two years that the manufacture of good matches in India is a practical and sound commercial proposition, the Swedish Match Company is following the principle in the case of this Company which has all along been a feature of its business overseas, namely to invite the co-operation of local capital immediately the experimental stages of the industry have been satisfactorily concluded.

Of the total annual consumption of matches in India which is estimated at thirteen million gross of boxes approximately seven million gross at the present time are the products of the Swedish Match Company.

The Company has obtained from the Government of Assam concessions embracing a total area of approximately 600 square miles of forest land in the Goalpara Division from which a practical unlimited supply of timber particularly suitable for match manufacture will be available.”

*President.*—It is a prospectus!

*Mr. H. Lalji.*—They say “We have obtained concessions from which a practically unlimited supply of timber particularly suitable for match manufacture will be available.”

*Dr. Matthai.*—Prospectuses are like after dinner speeches: you should not take them seriously!

*Mr. H. Lalji.*—Excuse me, it is not like that: we consider it a serious thing.

*President.*—To put your case briefly your contention is that there is plenty of suitable wood in the country and that if proper measures are taken it can be made available for the industry?

*Mr. H. Lalji.*—Yes.

*President.*—And that for practical purposes the splints made out of Indian wood are as good as those of aspen except as regards colour?

*Mr. H. Lalji.*—That is right.

*Dr. Matthai.*—May I ask whether at present you are able to get Indian wood landed at your factory at about Rs. 40 to Rs. 45 a ton?

*Mr. H. Lalji.*—Yes, for boxes.

*Dr. Matthai.*—At that cost, Indian wood, I take it, is not less expensive than aspen for the same purpose?

*Mr. H. Lalji.*—It is less expensive. I have got figures with me to show you that it is so; when we come to discuss the question of costs I will show you these.

*Dr. Matthai.*—Have you any kind of idea as a result of experience at what price you will have to get your Indian wood at the factory in order to make it less expensive than aspen for splints?

*Mr. H. Lalji.*—I may tell you that so far as boxes are concerned Indian wood is about 55 per cent. cheaper than aspen.

*Dr. Matthai.*—Have you any impression as to splints?

*Mr. H. Lalji.*—For splints also I hope we shall be able to get this Indian wood for which I am negotiating much cheaper than aspen.

*Dr. Matthai.*—If you get your Indian wood at the factory at about Rs. 75 a ton, would it be less expensive for splints?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—Making allowance for wastage and also making allowance for the reduced price you get for Indian wood matches?

*Mr. H. Lalji.*—Yes. I have got my representatives in the Punjab and the recent information I have received is very promising. I hope we shall be able to get wood for splints into Bombay cheaper than aspen wood by about Rs. 25.

*Dr. Matthai.*—I raised this point because on the figures that we have got from the Western India Match Company it seems that at a price of Rs. 40 to Rs. 45 landed at the factory the Indian wood is not any less expensive than aspen.

*Mr. H. Lalji.*—When you make boxes out of certain kinds of wood except savar there is always a lot of wastage when worked by machine but if you work by hand you will find some kinds of Indian wood are cheaper and boxes mean 55 per cent. of the cost. As regards savar it can be worked equally well on the machine.

*President.*—If you make by hand the total cost will go up?

*Mr. H. Lalji.*—I will tell you how much it will go up, if you make boxes by hand and the amounts of wastage for different kinds of wood. I may just tell you that more than 20 kinds of Indian wood are at present being used in all factories including ours as well as Ambarnath and if all these woods were found useless we would not go in for contracts.

*President.*—I don't mind telling you that so far as wood for boxes is concerned there is plenty of evidence that there are large quantities of wood available; we are not very much concerned with that. We are concerned with wood for splints and as I pointed out early this morning we have not been very fortunate in getting good splints made out of Indian wood.

*Mr. H. Lalji.*—I will send you some samples. I may tell you in this connection that besides having this forest we used to buy nearly 1,500 tons from coupe contractors. Today the Ambarnath people get from these coupe contractors nearly 4,000 tons besides having their own forest. Now, what is their total requirement? I think their total output is about 180 cases a day of 50 gross. If you compare their production with the contract they have made for Indian wood you will find that practically 75 per cent. of their requirements are met by the Indian wood from the Bombay Presidency which they purchase from coupe contractors alone.

*Dr. Matthai.*—We are still very much in need of evidence as to the suitability of Indian wood for splints. As far as boxes are concerned almost any kind of soft wood is suitable because you cover it up with paper.

#### *Wood wastage.*

*President.*—You say in answer to question 14 that you want 8½ c. ft. of wood for 100 gross half size matches.

*Mr. Merchant.*—That ought to be 11 c. ft.; that 8½ c. ft. we have given does not include wastage.

*President.*—We wanted to know how many cubic feet you wanted in the log.

*Mr. Merchant.*—It should be 11 c. ft. of aspen and for good Indian wood 14½ c. ft.

*Mr. Matthias.*—What do you mean by good wood?

*Mr. Merchant.*—Ordinary Indian wood that we are using.

*President.*—Do you mean by good wood aspen for splints and Indian wood for boxes?

*Mr. H. Lalji.*—Yes.

*President.*—You would allow for splints how much?

*Mr. H. Lalji.*—4·6 c. ft. for aspen splints.

*President.*—And 6·4 for boxes?

*Mr. H. Lalji.*—Yes.

*President.*—That makes 11 c. ft.

*Mr. H. Lalji.*—Yes.

*President.*—If you make splints out of Indian wood then how much would you require?

*Mr. H. Lalji.*—Splints 6·8 and boxes 8·7; that is 15·3 c. ft. for Indian wood.

*Mr. Mathias.*—Why do you require 6·4 c. ft. for boxes in one case and 8·7 in another?

*Mr. H. Lalji.*—6·4 c. ft. is for boxes made out of aspen. For the ordinary quality matches made of aspen we use 4·6 c. ft. for splints and for boxes 6·4 c. ft.

*President.*—Supposing you were to use good quality Indian wood for splints, how much more would you require against 4·6?

*Mr. H. Lalji.*—About 15 per cent. more.

*President.*—That would give you about 5·2 c. ft.

*Mr. Mathias.*—The total would be 11·6 for the best quality Indian matches.

*Mr. H. Lalji.*—Yes. We may tell you that we used 5·4 c. ft. of baban for splints. That is the wood we obtained from Sind.

*President.*—How do you get these figures. When you say that you use so many cubic feet how do you calculate that in practice?

*Mr. H. Lalji.*—We take the log, we measure it and make it into 50 c. ft. pieces; then we take these to the sawing machine and take out the refuse that we get, then when we make the splints we measure the amount we obtain and in that way we get the cubic content of the splints we have got out of the wood.

*President.*—Do you consider that a very accurate result?

*Mr. H. Lalji.*—To be frank it was only after the issue of your questionnaire that we began to put things in order; before that we had nothing of the sort.

*President.*—I really find it difficult to follow your calculation as regards measurement.

*Mr. H. Lalji.*—We take so much finished wood out of so much log, but then the trouble is that there are the sweepings—even that we ought to calculate because we get something for it—and therefore our figures as regards the actual amount of wood used are a little more than they ought to be.

*President.*—So far as aspen is concerned you would take the invoice measurement, would you not?

*Mr. H. Lalji.*—That is the same with the Indian wood also. With regard to our forests we measure it by tape. For every log that we get, aspen or Indian, in our factory a regular register is maintained. We re-measure every log on arrival at the factory because we have to pay railway freight, cooly hire, wages and so on, on that. We first measure in the forest and then in the carts and then in the country craft and again at Varsova, so that there is no pilfering. We measure very carefully—there is no doubt

about that—but then after that of course the rule of thumb has to be applied.

*Dr. Matthai.*—Do you include the bark when you say so many cubic feet of log?

*Mr. H. Lalji.*—We do.

*Mr. Merchant.*—In the case of aspen we pay for it with the bark on.

*Dr. Matthai.*—Is that part of the wastage?

*Mr. H. Lalji.*—We cannot turn out so good a box out of aspen as out of sawar. Aspen is not suitable for boxes; it is very good for splints. Boxes break in the case of aspen because it is soft. You can enquire from the experts and you will find that aspen is not good for boxes.

*President.*—If it is not quite good they would not use it in other countries.

*Mr. H. Lalji.*—There are three or four different kinds of aspen.

*Mr. Matthias.*—Do you mean in Sweden?

*Mr. H. Lalji.*—They are using some other polish wood in Sweden, that is what my son wrote to me from Europe.

*President.*—Is your son in Sweden?

*Mr. H. Lalji.*—He is travelling over the Continent. In Japan they use a wood called hakuyo (aspen from Siberia) which is very much like aspen; then shinagi, that is a little inferior to aspen.

#### *Chemicals.*

*President.*—Then as regards your answers to questions 26 and 27, in the case of chemicals I presume the most important raw material is chlorate of potash?

*Mr. H. Lalji.*—Yes.

*President.*—Then comes paraffin?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—Paraffin really costs more than chlorate of potash, does it?

*Mr. H. Lalji.*—I am sorry I can't give you a definite answer because I have not had time to go into the figures fully.

*President.*—You say, you also use Indian paper; what Indian paper is it?

*Mr. H. Lalji.*—Paper manufactured in Bombay.

*President.*—Is it for wrappers?

*Mr. H. Lalji.*—I could not tell you.

*President.*—As regards the wages bill I take it you pay by the day?

*Mr. H. Lalji.*—Yes, except in the case of box filling and box making.

*President.*—Splint chopping you pay for by the day?

*Mr. H. Lalji.*—Yes.

*President.*—What about labelling?

*Mr. Merchant.*—We do labelling both by hand and by machine and so pay both by the day and by the piece. Here is a statement giving the details (handed in).

#### *Policy of the Swedish Match Company.*

*President.*—Wherever there is any special condition of the market, the Swedish Match Company are able to compete better than when there are no special conditions, that is to say if a man wants a bad quality, they say 'here it is' and if a man wants a good quality, they say 'here it is.'

*Mr. H. Lalji.*—They are not out to supply the demand. They are out to create a contrast between the two qualities and to show that Indian matches will never do. They say that "the best match that can be made out of Indian wood is this" and supply the inferior match.



*Dr. Matthai.*—The products they put on the market prejudice the Indian matches.

*Mr. H. Lalji.*—That is what they do. They supply 100 cases at 14 annas a gross (Gayatri brand).

*Mr. Mathias.*—Is that a brand of the Western India Match Company?

*Mr. H. Lalji.*—Yes.

*President.*—Is 'Wimco' written on that?

*Mr. H. Lalji.*—Yes.

*President.*—But there are some matches which they sell without 'Wimco'.

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—Why do they put the inferior matches on the market at such low prices?

*Mr. H. Lalji.*—Just to lower our price.

*Mr. Mathias.*—What is their object in putting them on the market when these matches cost them as much as their good matches?

*Mr. H. Lalji.*—If they were selling 50 cases of good matches, they would sell two cases of these at 14 annas a gross whilst our price would be about a rupee or a little over.

*Mr. Mathias.*—Two cases won't go very far to reduce your price.

*Mr. H. Lalji.*—It does in this way. The wholesaler comes and says 'unless you reduce the price, I won't take your matches'.

*Mr. Mathias.*—If your secret information is that they have only two cases like that, why do not you say to the wholesaler 'go and buy from them if you like'?

*Mr. H. Lalji.*—I am only saying that we are forced to reduce our price for the time being.

*Mr. Mathias.*—Why?

*Mr. H. Lalji.*—Some of us are not strong enough to resist like that.

*Mr. Mathias.*—I don't understand this. You turn out 1,000 cases of matches and the Western India Match Company put 30 cases on the market at 14 annas a gross. How is this going to affect your price?

*Mr. H. Lalji.*—Let us say that all the Indian factories put 1,000 cases on the market and then the Western India Match Company undersell us. The result will be that some of us who would like to turn their goods into cash quickly would have to reduce their price to find an immediate market. We for ourselves could hold the stock for some time until we could get the right price.

*President.*—Is it your point that they sell their very inferior matches at very low prices?

*Mr. H. Lalji.*—Yes. Besides, they create a sort of contrast to show that Indian supplies could not be relied upon. They say "they are the best people in the trade and with their best workmanship they are able to produce such bad qualities".

*Mr. Mathias.*—That is another point. As regards your first point that they could produce matches and sell at ridiculously low prices, your contention is that they are producing this inferior quality to create prejudice against Indian made goods.

*Mr. H. Lalji.*—Yes.

*President.*—It would pay them equally well to use Indian wood and to make a good quality of matches.

*Mr. H. Lalji.*—They are not interested in the manufacture of matches. Their interest lies outside. They are out to destroy the industry.

*President.*—Why should we presume so? It may be that they cannot make as good matches as yourselves?

*Mr. H. Lalji.*—Why should we not presume so when we as business men know that their interests outside are so very great. Every one knows that

they want the whole world's business. They are not so much concerned in establishing the match industry in any country. They are not interested in seeing that the imports are stopped. I will tell you one thing more. Take the case of Kathiawar ports. I am not now dealing with the question of the duty at all. The imports into Kathiawar ports have been much more than they used to be in former years. In these Kathiawar States, they levy a Customs duty of Rs. 1-8-0 just as we have in British India. Further they put an excise duty on all the matches that go from British India. The latter duty is levied because they cannot otherwise get Rs. 1-8-0. Now the Swedish people in order to keep up their goods in those markets, are always selling mostly through Kathiawar ports. You will always see that they don't send a single case of Wimco matches made in India to those ports. It is their policy that where they can sell their Swedish matches, they will never put their Indian made matches. One of the conditions which they impose on dealers to whom they give rebate, is that they must keep on selling Swedish imported goods; otherwise they would not give them even the Wimco matches to sell.

*President.*—Is it not a fact that this very high duty has very much reduced their imports?

*Mr. H. Lalji.*—It is a fact that the present duty of Rs. 1-8-0 has reduced their imports and that is why they have now started these factories in India to get the benefit of the duty.

*President.*—Now that they have realised that their imports must cease, how do you suggest that it is to their interests not to manufacture good matches in India out of Indian wood?

*Mr. H. Lalji.*—They know very well that if they can crush us, their imports will go on even with the duty of Rs. 1-8-0. As I told you before, unless the price went up over 50 per cent., the consumption would remain the same, matches being a necessity of life.

*President.*—You allege that that is their deliberate policy.

*Mr. H. Lalji.*—I should say so.

*Mr. Mathias.*—I am not quite clear as to what your statement is. Am I correct in thinking that what you allege is that the policy of the Swedish Match Company is by competition within the Indian tariff wall to eliminate all the Indian match manufacturers? That is to say, manufacture of matches would cease in India and the importation of Swedish matches would go on.

*Mr. H. Lalji.*—That is what I mean.

*Mr. Mathias.*—And that is what you want to stop.

*Mr. H. Lalji.*—Yes. In fact in many cases it has been said even to many people including I think to Government officials by the Ambarnath people that it was impossible to make these things in India, that it was quite useless and it was no use trying these things. You can verify this by asking half a dozen or dozen people in Bombay. They have got a ring of dealers who get, besides the usual discount, one anna per gross at the end of the year if they dispose of an equal quantity of Swedish imported matches. The condition is that they must keep both the things. They are interested in finding a market for the Swedish matches; otherwise why should they not try to improve the quality of their Wimco matches, and sell at Rs. 1-8-0 instead of foreign matches at Rs. 2-4-0. Thus if you put two and two together it would be quite clear what their intentions are. As regards three-quarter size matches they do not make any in India; they won't make it, that is why we have gone in for it. Take another instance, that of sulphur matches. In 1924 they started the Ambarnath factory and made only safety matches. They did not manufacture sulphur matches until Abdoolally Ibrahim began to manufacture these last year, and what was the result? They were selling these at Rs. 2-4-0 and Rs. 2-8-0 all through until last October and now they have started manufacturing sulphur matches since the last four months at Ambarnath and are selling at Rs. 1-10-0.

*Dr. Matthai.*—Have they started manufacturing  $\frac{3}{4}$  size since Messrs. Abdoollally Ibrahim took up the manufacture of sulphur matches?

*Mr. H. Lalji.*—I am told they are going to start very soon. Prices from 1924 right up to 1927 were Rs. 2-4-0 a gross and the prices have come down to Rs. 1-10-0 as soon as the manufacture of sulphur matches has been started in India. If they really wanted that their Ambarnath factory should be in India they would have started manufacturing sulphur matches along with safety in 1924.

*Andheri Match Company's markets.*

*President.*—Where is your principal market?

*Mr. H. Lalji.*—Our principal market I cannot define because from Bombay we sell right up to the Deccan as well as in the Central Provinces and in Sind. We also sent some consignments for nearly 8 months to Calcutta and our goods were sold there up to June of this year.

*President.*—What is your wholesale price to-day for your best quality matches?

*Mr. H. Lalji.*—Rs. 1-4-0 for our half size impregnated.

*President.*—Do you have to pay any commission out of that?

*Mr. H. Lalji.*—Yes. We are also selling unimpregnated matches medium quality at Rs. 1-3-0 and then there is a low quality which we sell at Rs. 1-1-6.

*Mr. Mathias.*—Where do you sell your low quality?

*Mr. H. Lalji.*—Our low quality is our sweepings and our percentage of that is only about two or three cases per month. We sell very little of these.

*Mr. Mathias.*—Is there a good market for the low quality in Berar?

*Mr. H. Lalji.*—No. In Poona we have got a shop of our own where we have sold some of these.

*President.*—It is a very small percentage?

*Mr. H. Lalji.*—Yes.

*President.*—Is there a big percentage of the second quality?

*Mr. H. Lalji.*—That is also small. The greatest amount of our production is of the first quality which we sell at Rs. 1-4-0.

*President.*—That is how much of your production?

*Mr. H. Lalji.*—About 75 per cent.

*Mr. Mathias.*—Do you send that to Berar?

*Mr. H. Lalji.*—Our "Two Anna" brand is well known in the Central Provinces.

*Mr. Mathias.*—Do you find much competition from cheap matches there?

*Mr. H. Lalji.*—The Central Provinces are our best market for the Two Annas brand. Although it is unimpregnated I get Rs. 1-4-0 for it. I may tell you here that there is a keen competition recently for the last six months between ourselves and the Western India Match Company. They are selling their best quality there for Rs. 1-2-6.

*Mr. Mathias.*—Do you find much inferior matches sold by the Western India Match Company in Berar?

*Mr. H. Lalji.*—The better stuff they attempted all along and now they have introduced the inferior stuff—the three monkeys brand and monkey brand.

*President.*—They are made of Indian wood, are they?

*Mr. H. Lalji.*—They are said to be.

*Dr. Matthai.*—Do you sell matches made entirely out of Indian wood?

*Mr. H. Lalji.*—Yes; we sell matches made out of Indian wood splints as well as aspen splints.

*Dr. Matthai.*—You get Rs. 1-4-0 for both?

*Mr. H. Lalji.*—Yes. I have not got sufficient Indian wood for splints. As long as I can get white fine Indian wood, *babaa* or *ambada*, I mix it with aspen wood or manufacture matches solely from it.

*Dr. Matthai.*—If you take the Rs. 1-4-0 quality, what proportion of Indian splints would you mix up with aspen?

*Mr. H. Lalji.*—15 per cent.

*Dr. Matthai.*—On that 15 per cent. you realise as good a price as for aspen?

*Mr. H. Lalji.*—Yes.

*President.*—What commission goes out of that Rs. 1-4-0?

*Mr. H. Lalji.*—In the list we gave you we added interest, commission, and depreciation to our costs. I am prepared to give you further facts. As I have told you nearly 75 to 80 per cent. of our production is half size; then we produce the three-quarter size the rate for which is Rs. 1-10-0 to Rs. 1-11-0; then there is the full size of which we produce very little and which we sell at Rs. 2-2-0.

*President.*—That is a good price.

*Mr. H. Lalji.*—But then there are no buyers, although I understand people in Calcutta and Rangoon go in for that. But I don't think it is worth my while producing these in part of India. Then the sulphur half size matches we are selling at Rs. 1-8-0 to Rs. 1-10-0; then three-quarter size Rs. 1-14-0 to Rs. 2-2-0 and full size from Rs. 2-4-0 to Rs. 2-6-0.

*Mr. Mathias.*—They are good rates?

*Mr. H. Lalji.*—They are fairly good rates. Here are some statements which I have prepared for the Board (handed in): These are not confidential except the statement regarding cost price.

*President.*—On these figures that you have given us it appears that for their superior matches they always get a little more than you do.

*Mr. H. Lalji.*—Take for instance their Cheeta brand which is considered to be their good superior quality match; it is sold in Bombay market at Rs. 1-5-0 to 1-5-6, but you can get the same stuff in Nagpur at Rs. 1-4-0 with the railway freight paid.

*President.*—This is rather a higher price in any case so far as Bombay is concerned than even that given to us by any Indian manufacturer?

*Mr. H. Lalji.*—This Cheeta brand is no longer being sold in Bombay; it is simply unsaleable. They sell mostly Wimco now.

*President.*—Wimco is supposed to be their best brand?

*Mr. H. Lalji.*—No.

*President.*—Anyhow they say when it is marked Wimco it is the best.

*Mr. H. Lalji.*—There is one thing that has to be looked into and that is the amount of the tip for the splint. If the tips are too big, that does not mean higher cost but the number of splints would be less and that would bring down the price.

*Mr. Mathias.*—But they say that the Indian customer does not care about the tips.

*Mr. H. Lalji.*—As between cities and districts, the position is different. In the cities they don't care if you give them a few splints less, whereas in the districts, they see how many splints there are in a box. In Bengal, they put 99 splints in the full size box. In the imported box of the same size, there are only 80 to 85 splints; but in the full size box which the Western India Match Company people manufacture on the Calcutta side, they have 90 splints. I would like to give you a statement (handed in) about the discounts that are being allowed by them besides the selling commission. You will see that they always handle both imported and Indian made matches and that for all practical purposes there is no difference between the two.

*Dr. Matthai.*—Have these discount rates changed since you wrote to us?

*Mr. H. Lalji.*—No. These are the current rates.

*President.*—Are these cases of 50 or 100 gross?

*Mr. H. Lalji.*—100 gross. Over and above that, they give a rebate of one anna to their loyal merchants who don't have anything to do with Indian matches.

*Dr. Matthai.*—Do you have the system of giving the dealer the price of the case as a sort of rebate?

*Mr. H. Lalji.*—No. What we do is this. Formerly we used to purchase boxes from them at Rs. 4-8-0 if they sold to us; but of late we cannot do it for the simple reason that we can make them a little cheaper from savar and other woods. I do not know what arrangements others have got. We cannot buy them back. Further I find that they are not so good. After packing two or three times, the boxes are not strong enough for packing again, and we find that there is a lot of wastage.

#### *Imports through Kathiawar.*

*President.*—You say that the matches imported through Kathiawar ports are sold cheaper in the vicinity of Bombay. What evidence have you in support of that statement?

*Mr. H. Lalji.*—I have not actually purchased matches, but you will find from the records of three or four big merchants that they have got them cheaper through Ahmedabad.

*President.*—Do you mean Swedish matches?

*Mr. H. Lalji.*—Yes. Messrs. Abdulali Ibrahim will be able to tell you more.

*Dr. Matthai.*—Will they be able to give evidence on that?

*Mr. H. Lalji.*—Yes, they themselves bought matches at lower rates.

*Dr. Matthai.*—Will they give us evidence?

*Mr. H. Lalji.*—I should think so. There is one more thing. Bassein is not far from Bombay, and these matches—flower baskets brand—at one time were sold in Bombay at Rs. 2-4-0 but in Bassein at Rs. 2. They could not have gone from Bombay. That was impossible.

*Dr. Matthai.*—Is Bassein in Portuguese territory?

*Mr. H. Lalji.*—No, it is in the British territory—about 40 miles from Bombay.

*Dr. Matthai.*—What do you suggest?

*Mr. H. Lalji.*—It is a fact that at Ahmedabad foreign matches were being sold cheaper than in Bombay.

*Dr. Matthai.*—You have had no complaint recently.

*Mr. H. Lalji.*—No. I think that we have had no complaint since the Viramgaum cordon has been reinstituted. Having taken some part in another place, I am a little reluctant to say that near Ahmedabad and even nearer Bombay these matches were sold cheaper. But so far as I am concerned, I can put before you a letter from the Director of Industries, Bombay, in which he says that in Kathiawar they have now levied 30, 40 or even 50 per cent. duty on Indian matches; they welcome imported goods because they can get Rs. 1-8-0, and the whole Kathiawar ports are closed to us. Furthermore I wish to say that we have reason to believe that from Kathiawar railway freights have been reduced on railways belonging to the Native States, so that the goods from Kathiawar can go to the Punjab at a cheaper rate than we can do from Bombay.

*President.*—How can they? It is only a short lead.

*Mr. H. Lalji.*—The Jamsahib said in his defence that he gave all sorts of facilities, godown facilities, etc.

*President.*—Those things would not have helped them very much.

*Mr. H. Lalji.*—It is a most striking fact that Kathiawar now imports almost six times the quantity which it used to import before.

*President.*—Where are the figures to prove that?

*Mr. H. Lalji.*—If you get transhipment figures from the Bombay Custom House as well as figures from the Kathiawar Port Customs you will find that what I have said is true. My information is that they were taking about 800 cases per month but now they are nearly importing 4,000—4,600 cases.

*Dr. Matthai.*—Have you got these Kathiawar port figures?

*Mr. H. Lalji.*—No, but you can get these from the Collector of Customs.

*Dr. Matthai.*—It would be rather interesting if you had the figures ready.

*President.*—Now that the Customs barrier has been imposed, is not that rather a matter of historical interest?

*Mr. H. Lalji.*—I hope it will turn out to be a matter of historical interest.

#### *Rate-cutting.*

*President.*—About this rate cutting, as you know it is very difficult to judge from these figures who has been cutting the rates, whether it is the Swedish Match Company or the Indian companies.

*Dr. Matthai.*—They seem to have started it first, but now you seem to be doing it!

*Mr. H. Lalji.*—I admit it would seem as though we are doing it but I have got an explanation.

*President.*—It is not necessary to show who is doing it; the fact remains that there is competition between Indian manufacturers—call them the Swedish Match Company or whatever you will; if they find that they are losing they cut the rates and when you find that unless you cut your rates you lose the market you do so, isn't that what has been happening?

*Mr. H. Lalji.*—Yes.

*President.*—As far as we can judge, so far as this country is concerned supposing they cut the prices, then they have done the country a good service.

*Mr. H. Lalji.*—If you only look to the country's interest from only one point of view and for a short time I do admit it is to the country's advantage, but the point is how long is that going to last?

*President.*—So far the country has no reason to complain against the Swedish Match Company because they had really brought down the prices more or less to the economic level. Even to-day brought down the prices cut the price any more, you really would not have any reason to complain?

*Mr. H. Lalji.*—The whole question is not that. The point at issue is this: whether the present industry as it is at present is sufficient to meet all our requirements. If they had not adopted that policy, I am sure by now you would have thrice the number of factories in India that you have at present.

*President.*—The condition would have been worse, because there would have been over-production.

*Mr. H. Lalji.*—With due deference I say no and why? because we would have tried to improve our qualities and we would also have tried to find a different market and open factories in different places, but we could not do all these because of the fear of this competition.

*President.*—I quite understand it but so far you are not able to show that there has been any unfair competition between you and the Swedish Company as regards the cutting of prices because, obviously, if you were getting a price of Rs. 2 and you are now getting Rs. 1-6-0 and so on you are still making enormous profits?

*Mr. H. Lalji.*—We do not grudge up till now if that was their *bond-fides*, but what we feel is this that they have stopped cutting their rates since the Tariff Board opened its enquiries; otherwise we would all have shut down our shops by now. We would be where we were before the war and for the next 20 or 30 years would never think of reviving the industry.

*President.*—Then it would be to your advantage if we do not make any report on our enquiry for some time! Their case as far as we can gather is that they went on reducing their prices as their costs of manufacture went down.

*Mr. H. Lalji.*—It is not so. They may put it like that but it is not so because of the very fact that in the Assam Match Company's prospectus which I don't admit is an ordinary prospectus for making money, they give the cost as Rs. 1-5-0 in 1924. If that is correct, there was no justification on their part to keep on these higher rates in 1924-25 if they were really going to benefit India.

*President.*—They started manufacture in 1924. At that time their costs also must have been high as they were beginners.

*Mr. H. Lalji.*—Not so much. I cannot accept that. Even to-day they are selling their  $\frac{3}{4}$  size sulphur matches at Rs. 2-4-0 when their cost has come down.

*President.*—The point is, can we merely, upon this evidence that they do not allow the Indian manufacturers to maintain this artificially high price, say that they should be asked to go out of this country? Up till now what you have been able to establish against them is that they have brought down the prices more or less to the economic level or slightly above that.

*Mr. H. Lalji.*—But the fact remains that by bringing down the prices to this level they have frightened the capitalists from putting in any more capital in this industry.

*Dr. Matthai.*—Supposing I said it was unfounded! Your whole case is that there is unfair competition against you from the Western India Match Company. You can establish unfair competition partly on the ground of price. So far the price that has been reached by means of competition is still an economic price. Then what is the evidence of unfair competition?

*President.*—We want that evidence.

*Mr. H. Lalji.*—The present rates are not so very economical as you consider. In a new venture one expects some good results as a sort of inducement to others to come into the industry and establish more factories. If you see the history of the Bombay mills you will find that when they made 30 or 40 per cent. it was only then that people started more mills. In the like manner if the few factories had been able to show good results more people would come in and more factories would come into existence. Even now what is the position? What we get is not economical: we are at present getting 10 to 15 per cent. profit, that is fair for an ordinary business where there is no competition. All over the world it is a fact that we have to face a terribly big syndicate and we cannot develop our industries.

*President.*—Up to now no case has been made out for any interference on the part of Government on account of unfair competition. Of course, your fears may be well founded or may not be well founded as regards the future. It is no use saying that they did these things in the past. I say from the country's point of view they have done well.

*Mr. Merchant.*—They have reduced their prices in respect of the half size only; they have reduced prices not because their costs have gone down as well as ours, but they need not have reduced the prices except to resist their competitors.

*President.*—They also had to get the market in the country: they also are interested in the manufacture of matches. They did precisely what you expect the country to do.

*Mr. Merchant.*—Our view is that they are not really interested in the manufacture of matches in India. Their factories have been started to compete with us till we reached a point where we could not compete with them and then they would recover the whole of the market of India for in the interests of their imports.

*Mr. H. Lalji.*—What I want to say is this, our complaint is that they have done this not with the object that you would like to argue for them.

*President.*—I am not arguing for them!

*Mr. H. Lalji.*—If they wanted to make only reasonable profits then it was in the interest of the country but we say that it is not with those intentions that they did so for the simple reason that if that was so they would have produced almost all brands, and not merely those which they are now producing. Moreover it appears from the facts that have been disclosed to us that their reduction is not made in the interest of the country but with the object of seeing that our factories are closed down.

*President.*—But that is their policy.

*Mr. H. Lalji.*—Yes. I would give you two concrete instances though I may be guilty of repeating, (that of safety  $\frac{3}{4}$  size and sulphur matches), from which you will see that they are not out to reduce prices for the benefit of the country or to make a reasonable profit and not a heavy profit.

*President.*—I don't say that, but I say that by their act, whatever may be their intention, the country is benefited. As regards sulphur matches their case appears to be that so far as Bombay is concerned, the imports are about 1 million gross or something like that—I forget the figure—Out of this the main imports into Bombay are sulphur matches. They find that people are beginning to manufacture sulphur matches in the country and therefore they have got to protect their imports. If their imports go out and if they are not able to manufacture sulphur matches here, they lose business. It is for that reason—I am just putting to you their case—that they have started manufacturing sulphur matches. Why should you say that they have started manufacturing matches in order to kill you? Their case is that they started manufacturing these because they were losing the import trade in sulphur matches.

*Mr. Merchant.*—The quantities they would manufacture here would be very limited, just enough to lower our price while they will be importing the greater part of their sulphur matches.

*President.*—Then you also allege that they have acquired some machinery works. Are you referring to machinery works in Sweden and Germany?

*Mr. Merchant.*—Yes.

*President.*—Do you think that gives them a monopoly price for machines?

*Mr. Merchant.*—Yes, it comes to that.

*President.*—You can also get machinery from Japan?

*Mr. Merchant.*—Japan does not make box making and pasting machines.

*Dr. Matthai.*—What about Germany?

*Mr. Merchant.*—They are acquiring machinery works there also.

*Mr. H. Lalji.*—You cannot stop that: it is a part of their activities.

*President.*—If you say they have got a monopoly of machinery and chemicals supposing they say "you manufacture matches in this country and we won't supply you machinery," what can Government do to help you?

*Mr. H. Lalji.*—They are attempting to do it.

*President.*—What do you suggest should be done?

*Mr. H. Lalji.*—That is why we are trying to use as much Japanese machinery as possible. We have made enquiries and there are several Indian construction works like Messrs. Richardson & Cruddas who can



give us estimates of the cost of making such machinery and I think we could manufacture machinery that the Japanese are at present supplying to us.

*President.*—They are patented, are they not?

*Mr. H. Lalji.*—There is not much of patent about these. We can make a few changes for the better. So far as the mechanical side is concerned the engineers here are of opinion that they can do better than what the Japanese have done.

*Mr. Mathias.*—Has the Swedish Trust made any offers to you for your factory?

*Mr. H. Lalji.*—They have not actually made any offer to me. We had some informal talk with regard to the purchase of our works and we had also informal conversations about the rates going down and about the question of having one rate, but we did not agree to having one rate or to limiting our production.

*Dr. Matthai.*—Can you give me a general idea on what point you could not agree?

*Mr. H. Lalji.*—I was never in favour of reducing production in India.

*Dr. Matthai.*—It would have been a profitable thing if you had agreed.

*Mr. H. Lalji.*—We have not gone into the industry with that object at the cost of the country, I am afraid.

*Mr. Mathias.*—Was this suggestion that was made to you some sort of a system of quotas under which you would produce a certain amount of matches and they would produce a certain amount of matches and so much would be imported?

*Mr. H. Lalji.*—Not exactly that but something similar I do not exactly remember.

*Mr. Mathias.*—And the Indian manufacturers would have a certain production which they must not exceed.

*Mr. H. Lalji.*—Yes, no new factories should be opened, and if anybody did that they should be thrown out.

*Mr. Mathias.*—What was precisely the proposal? Was it that some sort of syndicate should be formed of the manufacturers?

*Mr. H. Lalji.*—Yes, something like a manufacturers' ring.

*Mr. Mathias.*—Was that to extend only over the Bombay Presidency or was it to cover the whole of India?

*Mr. H. Lalji.*—The whole of India I think, but I cannot recollect exactly what was the idea. We were only having a friendly talk; for instance I was asked why I was not purchasing more of their chemicals and I told them point blank that I would not buy their chemicals. I was informed by our London agents that if we sent all these orders to the Swedish Company, the probability was that they would not be able to cater from the other works and that ultimately match works in India would have to starve. So, I replied to the Swedish people in the negative.

*Dr. Matthai.*—The point was that the arrangement they proposed would have preserved you but would not have preserved the smaller factories; is that the point?

*Mr. H. Lalji.*—It really amounted to that.

*Dr. Matthai.*—How long ago was this?

*Mr. H. Lalji.*—1½ to 2 years ago. In fact I have a very hazy recollection of what transpired because I never really went to talk on the subject. Of course I was told that they had enormous resources and they could buy every factory in the country. I may tell you in passing that I was a member of a committee that was appointed during the war to consider what articles should be produced in the country as a national industry to safeguard against a war or anything like that and one of the articles was matches.

*Company's recommendations for protection.*

*President.*—Before going into the question of costs I would like to be clear about your proposals. Your proposal first of all is that this present duty of Rs. 1-8-0 should be maintained?

*Mr. H. Lalji.*—Yes, at least at the present moment if not increased. At the time we submitted our representation my feeling was that it should be maintained, but now I feel that it should be increased.

*President.*—In what way would that help you?

*Mr. H. Lalji.*—If foreign manufactured matches are made very costly their consumption would be reduced.

*President.*—But they are steadily decreasing, aren't they?

*Mr. H. Lalji.*—But still the impression in the minds of the public is that the difference between foreign and Indian matches should be one rupee, that is to say the foreign match should be one rupee dearer.

*Dr. Matthai.*—A reduction in the imports would simply mean an increase in the production?

*Mr. H. Lalji.*—No.

*Dr. Matthai.*—Because they have not yet reached their full capacity.

*Mr. H. Lalji.*—I don't think it would be like that; I think they won't go on with Ambarnath.

*Dr. Matthai.*—Why not? Their policy would be simply this; they would make more matches in the country if you increase the duty; if you reduce the duty they would import more, so that the duty is not going to be of assistance to you.

*Mr. H. Lalji.*—I would welcome their producing more matches in the country than importing them.

*Mr. Mathias.*—On the ground that you give more employment to Indian labour and utilise more Indian material?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—But from your point of view as a manufacturer it is not going to give you an advantage?

*Mr. H. Lalji.*—That is so.

*Dr. Matthai.*—Apart from the question of finding employment would your interest be advanced in any way?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—How?

*Mr. H. Lalji.*—This would be so costly that naturally people will have to go in for Indian matches.

*Dr. Matthai.*—The Indian matches they would go in for might be Ambarnath matches?

*Mr. H. Lalji.*—Why should Ambarnath monopolize the whole of India? I think Ambarnath is turning out 90 cases while we three, viz., the Santa Cruz Match Company, the Pombay Match Company and ourselves are turning out 100 cases a day.

*President.*—If they worked two shifts?

*Mr. H. Lalji.*—We can also do that.

*President.*—Supposing that happened there would be intense internal competition?

*Mr. H. Lalji.*—I would prefer internal competition to external competition.

*Mr. Mathias.*—Provided there is no unfair price-cutting, you feel you are competent to deal with internal competition?

*Mr. H. Lalji.*—Yes.

*President.*—Supposing all the imports ceased and then all the matches were manufactured in the country, if they cut their price in order to get

the market, what is your proposal: would you be able to compete against them?

Mr. H. Lalji.—Do you mean without protection?

President.—There is no question of protection here. I am assuming that so far as foreign matches are concerned, they don't enter the country at all. How are you going to protect yourselves against one another?

Mr. H. Lalji.—If they do not sell below their cost price I say we can stand the competition from Ambarnath very well.

President.—How are you going to prevent them from doing so?

Mr. H. Lalji.—That is the point. I should like some sort of legislation to be enacted to prevent that.

President.—We want to be quite sure what exactly is your proposal.

Mr. H. Lalji.—I agree with the resolutions adopted by the Indian Industrial and Commercial Congress, a copy of which was forwarded to you by the All-India Federation of Indian Chambers of Commerce.

President.—They say that an excise duty should be levied on foreign trusts. How are you going to determine that?

Mr. H. Lalji.—By finding out from the Registrar of Joint Stock Companies the number of shares held by Indians.

President.—Supposing they are able to show that the required number of shares held at a particular moment are in Indian hands.

Mr. H. Lalji.—There is a statement attached to the balance sheet which is sent to the Registrar of Joint Stock Companies in which we have to state the names of the directors, managing agents, the interest of the directors and so on: I would also make it obligatory on the part of the directors to make a statement that so far as they know that the shareholders in whose names the shares stand are all *bond-fide* Indian shareholders.

President.—Supposing they are able to do that. At the time they start the company they get *bond-fide* Indians as shareholders and gradually they buy them out and thus keep the necessary number of Indians on the list: what control will you have in such a case?

Mr. H. Lalji.—Every year we have to send a return to the Registrar of Joint Stock Companies. To whose interest is it to keep Indians *benami* as shareholders? It is to the interest of the directors or the managing agents, and I am sure they won't dare to make a statement that the shares standing in the names of A, B and C are *bond-fide* when they know that they are *benami*. The same would apply to the Income Tax Statements that are annually to be made.

President.—It would prevent shares being sold.

Mr. H. Lalji.—At the end of every year there are certain days when transfers are closed.

President.—You can insist upon this condition being fulfilled when the company is floated, but how are you going to enforce it from time to time? An Indian may wish to sell his share to anybody.

Mr. H. Lalji.—He can sell it.

President.—He cannot sell unless he gets an Indian to buy.

Mr. Mathias.—Take a case like this. At the time of floating a company say 80 per cent. of the shareholders are Indians and therefore no excise is levied and the company may be making good profits. Then another Indian on the strength of the good profit purchases shares and at the end of the year owing to changes in the share holdings we find that the predominant interest is Swedish: then the company has at once to pay 8 annas excise duty, it makes no profit but incurs a loss. In that case it is rather hard on the other Indian shareholders, is it not?

Mr. H. Lalji.—When you deal with a company you know what kind of directors or managing agents there are and when a man takes interest

in a concern which he knows is handled by foreign capitalists he has to take the risk.

*Mr. Mathias.*—As the President was pointing out to you it will affect the market in shares.

*Mr. H. Lalji.*—When people come to know that the managing agents or the controlling authorities are foreigners people will be careful in buying their shares.

*President.*—When you say foreign capital do you include British capital in it?

*Mr. H. Lalji.*—That is rather a broad question.

*President.*—It is a very important question. Supposing there is no Swedish capital at all? Government cannot treat this industry on a different footing from all other industries in this country. It means that if the capital is British it is also liable to pay an excise duty of 8 annas. That is what your proposal amounts to in substance. Do you expect this Board to make a proposal like that? I am asking you because that opens out a much wider issue which would apply to practically every other industry in India. I want your opinion on this: would you include British capital in your description of foreign capital?

*Mr. Merchant.*—I would like to, but it would not be practicable!

*President.*—That is precisely the position of this company.

*Mr. H. Lalji.*—I may tell you that we are going to consider this question and place our views before you when the Indian Merchants Chamber come to give their evidence before the Board.

*President.*—But the point is this: you are an applicant company while the Chamber is an outside body. Their opinion would of course be treated with very great respect as the opinion of a business community, but I want the applicant's opinion. What is your proposal? If your proposal is that all capital which is non-Indian should be treated as foreign capital you are raising a very wide issue. Do you think if that issue is raised in connection with this industry, it has any chance?

*Mr. H. Lalji.*—You may make an exception in the case of this industry because the British people have not taken any interest in it and it is not a part of their vested interest. I think the British people would realise that their interest will be guarded in some direction in which they have vested interests since some time but not in any new industry such as this in which that question crops up.

*President.*—Can you get away from the general issue as regards non-Indian capital?

*Mr. H. Lalji.*—Exception could be made.

*President.*—By whom?

*Mr. H. Lalji.*—By Government. I should say that Government might make an exception.

*President.*—Government has already gone into that question.

*Mr. H. Lalji.*—In the Steel industry Government made certain exceptions and if further exceptions are necessary in the case of small industries on which the country depends they should be made.

*President.*—There is no parallel between the Steel industry and the Match industry.

*Mr. H. Lalji.*—I say legislation could be made for the match industry.

*President.*—But there is no proposal before us. What precisely is your proposal? Is it your proposal that all non-Indian capital in the Match industry should be treated as foreign?

*Mr. H. Lalji.*—Yes.

*President.*—And you think that it is a proposal which would be to the advantage of the country as a whole?

*Mr. H. Lalji.*—Yes.

*President.*—You don't think it would affect the general business of the country as a whole?

*Mr. H. Lalji.*—No.

*President.*—Have you fully considered the suggestion?

*Mr. H. Lalji.*—I have and I do emphasize since British capital is not invested in this industry there is no need of making any difference between British and foreign.

*President.*—But the company is here already? Do you want the law to be made with retrospective effect?

*Mr. H. Lalji.*—Yes.

*President.*—You don't see any difficulty in that?

*Mr. H. Lalji.*—No.

*President.*—Let me please understand your position. Having ascertained that the capital is non-Indian we must put an excise duty of 8 annas and then we must vary the duty as the capital varies. It must be so because capital may change hands—now it may be Indian and again it may be European and so on—so that every time the capital varies the excise duty should also vary.

*Mr. H. Lalji.*—I am sure it won't vary because people will not invest freely in a foreign concern in this industry once they know that there is a differential treatment.

*President.*—The company is there.

*Mr. H. Lalji.*—At present there is only one Company, that is the Assam Match Company which has Indian capital, but I am almost sure that about 80 per cent. of the interest is held by the Swedish. In the Western India Match Company there is no Indian shareholder.

*President.*—Supposing this company converts this into a public company and says "here are 65 per cent. Indian shareholders", then you don't charge any excise duty. Then the proportion varies—there must be transactions in the market and people who have got shares must sell—and the position is reversed; the Indian capital becomes 35 and the foreign capital becomes 65 then owing to the difference in the Indian capital to the extent of 30 per cent. you would impose an excise duty; isn't that the position?

*Mr. H. Lalji.*—What I would suggest is this, that if the circumstances are just as you say, then the position will be just as you describe. But I say the moment it is publicly made known that foreign capital is going to be taxed then *bonâ-fide* Indian shareholders will never come forward to sell their shares to foreigners nor will the foreigners come forward to buy those shares and therefore in my humble opinion the position which you describe will not arise.

*Dr. Matthai.*—Supposing we made a provision of this kind and the Swedish Match Company started a factory in an Indian State, how would your excise duty be worked in that case?

*Mr. H. Lalji.*—With regard to Indian States so far as their present policy is concerned, it has always been in consonance with the British policy.

*Dr. Matthai.*—We cannot assume that.

*Mr. H. Lalji.*—They have gone much farther than that. There has recently been a case of erecting a factory in Mysore and the Mysore Government have given them not only concessions but also they have undertaken to make a provision that 60 per cent. of the capital must be of the Mysore State and that they will not allow any other factory to be erected and at the same time they will not allow any foreign stuff to come in.

*Dr. Matthai.*—Supposing you have an Indian State which is not prepared to adopt a progressive policy like Mysore your scheme necessarily fails.

*Mr. H. Lalji.*—What would be the inducement to an Indian State to go radically against the British policy?

*Dr. Matthai.*—Because it is of importance to a State to organise a big industry.

*Mr. H. Lalji.*—That means that they would care to give employment to their people.

*Dr. Matthai.*—It finds employment in the State; it increases the taxes, and so on.

*Mr. H. Lalji.*—In this industry, there is not much room for taxation. But of course the question of giving employment is there. I don't think that Indian States would go radically against the British policy. Their policy has so far always been in consonance with the policy adopted in British India.

*Mr. Mathias.*—That was not your experience with regard to Kathiawar ports last year.

*Mr. H. Lalji.*—It was not; but Government did come to our help.

*President.*—It is the British Government that did it.

*Mr. H. Lalji.*—Yes, they put the barrier on.

*Mr. Mathias.*—I have one difficulty in understanding your proposal. I daresay that you have heard of an operation which is known as window dressing of balance sheets. Supposing your proposal of an excise tax on foreign capital is given effect to, would there be anything to prevent the foreigner from selling shares just before making a declaration and then buying them back?

*Mr. H. Lalji.*—It is a very risky thing to make a declaration that there are not *benami* shareholders.

*Mr. Mathias.*—Supposing there is no *benami* shareholder, and supposing they buy and sell shares *long-fide*?

*Mr. H. Lalji.*—The market won't go in for that.

*Mr. Mathias.*—Why not?

*Mr. H. Lalji.*—When a penal clause is made—I am a Director of many companies—I may assure you that there are many Europeans whom I know who would be the last persons to stoop to make a declaration of that kind.

*Mr. Mathias.*—But this statement would be perfectly correct.

*Mr. H. Lalji.*—The question is—can they get Indian buyers to take up the shares for a few days and then resell them?

*Mr. Mathias.*—Taking your proportion, there was 60 per cent. Indian and 40 per cent. foreign capital at the commencement. In the course of the year, the position was reversed and it came to 60 per cent. Swedish and 40 per cent. Indian capital. If that became known to the Directors of the Company, it would be comparatively simple for them to sell their shares in the market.

*Mr. H. Lalji.*—Once that is known, no Indian buyer will buy any shares because if there is a preponderance of foreign capital, there will be no chance of making any profit.

*Mr. Mathias.*—I don't quite follow.

*Mr. H. Lalji.*—Supposing I am a seller of a share whose face value is Rs. 100, I shall have to sell it at Rs. 95 and again if I am to buy, I shall have to do it at a higher price. Will that allow of so much margin as to change hands?

*Mr. Mathias.*—I don't think that you quite grasped my question. You start with a majority of Indians in the company. Therefore no excise duty is levied. In the course of the year, however, the position is changed and there is the majority of foreign or Swedish capital.

*Mr. H. Lalji.*—Will the Swedish people buy when there is an enactment?

*Mr. Mathias.*—I should think so if we are to adopt the policy I am now putting to you. In the course of the year, before they have to make declaration, they sell their shares back.

*Mr. H. Lalji.*—What is the benefit?

*Mr. Mathias.*—The benefit is that their company evades payment of the excise duty.

*Mr. H. Lalji.*—What benefit would the foreigner gain by buying and selling the shares?

*Mr. Mathias.*—I am assuming that this is done by the directors, to avoid the excise duty.

*Mr. H. Lalji.*—The Directors as such won't be able to make any profit because at the end of the year, they sell their shares to Indians.

*President.*—Supposing they have 10 shareholders in the company, they can easily show those shareholders at every stage as *bonâ-fide* Indians.

*Mr. Merchant.*—Could not the shares be made legally unsaleable to non-Indians?

*President.*—Supposing it is a public company, what control would you have over the internal arrangement that they may have amongst themselves? This company, you must remember, is a very powerful company. It does not want any shareholders; but it has got to comply with the law. It has complied with the law in all parts of the world and therefore it is very easy for such a company to say "here are four Indians and three Europeans who form the company".

*Mr. H. Lalji.*—We have men like Mr. Shamdasani.

*President.*—The Swedish Match Company won't put any shares in the market.

*Mr. H. Lalji.*—Supposing they take 5 or 6 Indians who are not worth the number of shares, are those Indians going to give an income tax return on oath that those are their shares and that they have received dividends. Further in the income tax returns everyone Indian as well as foreigner has to show the source of income, is it possible that the persons who will be benefitting will not show in their returns that they are the real holders of the shares and Indians are only *benami*, and if they do so will they be not making false declaration? and will be liable to penalties which foreigners dare not do.

*President.*—If you want to evade the law, you can do it in many ways. You can have 4 *bonâ-fide* Indian shareholders and 3 outsiders. The main thing is control. The articles of association can be so framed that control may still be with the minority. There is nothing to prevent that. Instead of having 51 per cent. capital, they may be content with 49 per cent., but the articles of association may be so framed that the entire control is in their hands. Can you stop that?

*Mr. H. Lalji.*—I don't want to stop that.

*President.*—Then, the excise duty becomes ineffective.

*Mr. H. Lalji.*—The question will then be this: will they be able to go on cutting their rates? If they do, will not the people having 51 per cent. interest in the company apply for liquidation?

*President.*—Why should they? Why do you assume that?

*Mr. H. Lalji.*—We want the excise duty to be put on to protect ourselves against foreign competition.

*President.*—You are begging the question. They compete legitimately. Their cost of production is less and therefore they are able to compete against you better, and they are able to show profit. In such a case, what remedy would you have against them?

*Mr. H. Lalji.*—If they give us (Indians) 51 per cent. interest in the company, then I don't want the excise duty to be put on.

*President.*—How would you prevent competition?

*Mr. H. Lalji.*—If there is competition, there will be losses also.

*Mr. Mathias.*—Not necessarily?

*Mr. H. Lalji.*—I say that if it is a case of only 10 or 15 per cent. profit—I am not one of those who want 60 or 70 per cent.—it will never induce a foreign concern—far less a syndicate—to come to India and do business with such a margin.

*Mr. Mathias.*—My point is this. It is quite possible for the other to put the low grades of matches on the market in competition with you at a very low price—even at a loss—for some months and then in the end to make a profit on the average.

*Mr. H. Lalji.*—Over a short period, they cannot make any great profit.

*President.*—The claim is made on their behalf that they can manufacture matches more chiefly than anybody else in the world, given equal conditions. If their claim is a good one and they are, without any unfair competition, able to undersell you, and at the same time you are not able to enforce this extra excise duty, then what is your position?

*Mr. H. Lalji.*—I don't admit their claim that they can manufacture cheaper than anybody else. I am not one of those who admit that they can manufacture matches cheaper than we can.

*President.*—They carry on their manufacture on a gigantic scale; they have got a monopoly in machinery; they have got forests of their own in Sweden; they have got a monopoly in chemicals; they have a very highly organised sales department; they have plenty of money—with all these advantages you don't think that they can manufacture more cheaply than you can?

*Mr. H. Lalji.*—I don't agree to all these points. I don't agree that they have got a better and more organised selling agency than we have. Ours is far better. As regards the point about machinery, we can make the machinery in India as well.

*President.*—You may be able to make them hereafter. I am putting to you the conditions as they are now. I am only suggesting to you that they have got more experience of these matters than we have in India. With all these advantages in their favour, do you still claim that you would be able to manufacture matches as cheaply as they can?

*Mr. H. Lalji.*—I do.

*President.*—Supposing we were to recommend any relief to you, would you be satisfied if our recommendations were based upon what we considered to be their fair selling price?

*Mr. H. Lalji.*—I don't follow.

*President.*—Supposing your costs are Rs. 1-2-0 and they are able to show that their costs are Re. 0-14-0, would you be satisfied if we make our proposals on the basis that the costs are Re. 0-14-0 or would you then say that you would be hard hit?

*Mr. H. Lalji.*—I should say I would agree to the proposal. But of course it is for you to see whether their costs are Re. 0-14-0. If you are satisfied on that point and then if you make your proposals, personally I am prepared to take that risk.

*Dr. Matthai.*—You are prepared to accept whatever measure of protection is suitable for them as suitable for you.

*Mr. H. Lalji.*—I want protection against them.

*Dr. Matthai.*—Why? Whatever selling price is suitable for them must be suitable for you.

*Mr. H. Lalji.*—If you find that their costs are 14 annas and if you base our protection on that and if they will not undersell that or some such thing, then I am prepared to face the competition.

*Mr. Mathias.*—If we secure to you a selling price which after consideration of the costs of the Swedish Match Company, overhead, etc., leaves them a reasonable profit, you think that that selling price will be satisfactory to you?

*Mr. H. Lalji.*—Yes.



*Dr. Matthai.*—As regards the constitution of the Company you would be satisfied if we made a proposal on these lines that the capital of the company should be rupee capital and that the majority of the directors should be Indians?

*Mr. H. Lalji.*—That the majority of the directors are Indians is no good to me.

*Mr. Merchant.*—Can we ask for legislation for prohibiting foreign manufacture in India? I am thinking of the position in Japan where in the case of Japanese banks and steamship companies their shares cannot be sold to foreigners, and I am wondering whether the Swedish Match Company could not be made to allow Indian factories to be put on the same footing as the Japanese concerns.

*President.*—That depends upon the amount of the country's patriotism.

*Mr. Merchant.*—That is a fluctuabale article.

*President.*—You say you would be satisfied with the same fair selling price as theirs.

*Mr. H. Lalji.*—Yes.

*President.*—Then supposing we came to the conclusion that the best way of getting over this difficulty was that Government should have a monopoly as regards sales, not as regards manufacture, and the Government then said "The Tariff Board says, rightly or wrongly, matches can be manufactured in the country and sold at a reasonable profit at one rupee a gross"—I take one rupee as the figure of the Swedish Match Company—would you be content to sell your matches to Government at the same figure subject to its being according to the quality and other conditions which Government may lay down?

*Mr. H. Lalji.*—I am one of those who do not think that Government ought to do business.

*President.*—That is another point. There are many people like you as a matter of fact I myself share your opinion on that point, but we are considering the question of alternatives.

*Mr. H. Lalji.*—You may lay down the price but Government will have to make enquiries whether the cost of material or labour, etc. had changed.

*President.*—Why?

*Mr. H. Lalji.*—Assuming to-morrow Government think of increasing the railway freight, then supposing you put down one rupee would you like Government to buy at one rupee if the labour charges and prices of material and railway freight and so on had gone down or gone up. My cost may go up or may come down to-morrow. Those circumstances must be taken into consideration.

*President.*—These are generally long term contracts, otherwise the manufacturer does not get the chance of getting any benefit. What conditions the Government prescribed, that is only a minor point—I am asking you now as to the price: would you be able to sell at the same rate as the Swedish people?

*Mr. H. Lalji.*—Yes.

*President.*—If Government were to organize its own selling agency it will have to buy from all the manufacturers or from certain manufacturers whom Government approves of. Do you think—apart from the general principle—that that would be feasible?

*Mr. H. Lalji.*—How would Government restrict anybody from erecting another factory and thus increasing production?

*President.*—By a license.

*Mr. H. Lalji.*—Why should Government stop a man from starting a factory if he wants to?

*President.*—Because it is a Government monopoly like abkari, salt and so on. As I say we are not discussing the general question of policy, I am asking you whether from the practical point of view there are any difficulties?

*Mr. H. Lalji.*—What objection could there be when they give us a fair selling price.

*President.*—In fact that would prevent this competition that you are talking about.

*Mr. H. Lalji.*—Yes, it would. If Government are to do it we have no objection.

*President.*—Then of course Government will say these are the wholesale prices.

*Mr. H. Lalji.*—There is sure to be trouble about quality; they will have to employ an enormous amount of staff.

*President.*—Do you think a syndicate could be floated in the country?

*Mr. H. Lalji.*—I am not in favour of any syndicate.

*President.*—Supposing Government says "here is a monopoly, there is money to be made out of it"—from the business point of view would Bombay be able to raise capital?

*Mr. H. Lalji.*—Any day you can do it.

*President.*—They would purchase the matches from the manufacturers at fixed price subject to Government control if it became necessary as regards price.

*Mr. H. Lalji.*—I don't think there would be any person coming up to buy goods in that case. There would be a lot of trouble for the manufacturers.

*President.*—In what way?

*Mr. H. Lalji.*—The quality is a great thing. I attempted some five or six months back to get my Indian colleagues together and turn out certain qualities of matches with certain labels and I was prepared to finance them if they would keep up to their standard quality and not reduce the quality or rates, but they were willing not to reduce the rates but as regards quality I could not get them to agree. Quality is such a difficult thing. A very good quality may prove to be bad after six months' storage. You will require lots of inspectors, experts, etc., to supervise.

*President.*—If there is this difficulty about quality, then Government will say "we will have our own factories and manufacture matches".

*Mr. H. Lalji.*—If Government starts factories we would be very glad.

*President.*—You don't consider that Government will ever be able to manufacture matches cheaper?

*Mr. H. Lalji.*—They can do it but they won't be able to sell cheaper.

*President.*—Government business is always more expensive is that your view?

*Mr. H. Lalji.*—Yes.

*President.*—Supposing we are able to say that matches can be manufactured under good management in the country at such and such a price and even if Government is not then able to accomplish that result, there is something wrong with their methods.

*Mr. H. Lalji.*—With due deference I say that I am one of those who believe Government agency is more costly.

*President.*—None of these alternatives appear to appeal to you. Then supposing the only alternative, namely the levying of an excise duty, is left to us: even if it is proposed by us it may be turned down by Government, and in that case you would have nothing to fall back upon.

*Mr. H. Lalji.*—Nothing at all. We have been for the last so many years begging Government for some relief and as a result of that we have got you gentlemen to enquire into the industry. We can only beg of Government to assist us, we cannot force them at all. If the majority in the Legislative Assembly or the Council of State or if the Executive Government think that they cannot do anything for us, we shall be where we were three years ago.

*President.*—That is not helping us at all. You pin your faith to one single proposal and if that proposal does not go through you have no alternative.

*Mr. H. Lalji.*—I am very sorry, I should like something to be done, but we see no other alternative.

*Government revenue.*

*President.*—Then there is the point about Government revenue. Government have been losing this revenue and all its revenue will disappear if the imports cease except the duty on chemicals, wood and so on. Government therefore want us to advise them as to what was possible in order to safeguard Government revenue?

*Mr. Merchant.*—We would advise them to raise the import duty.

*President.*—There are no imports.

*Mr. Merchant.*—We don't believe that the imports would cease altogether; the Kathiawar ports are there and they will import all these matches through them.

*President.*—How will that bring revenue to Government?

*Mr. H. Lalji.*—That is really one of the causes why Government revenue is going down.

*President.*—Leave alone the Kathiawar ports. The imports into British India have practically ceased and are steadily going down and if the duty is increased they will disappear altogether except for the special quality of matches and there is no getting away from that. In that case Government wants to know what is to be done as regards its revenue and I am asking you what your proposal is. One of the proposals may be that an excise duty be levied on Indian matches and that a corresponding import duty be put on foreign matches.

*Mr. H. Lalji.*—Really speaking if Government revenue is needed, then I would certainly suggest a small amount of excise duty be put, but I must make it quite clear that personally I am not in favour of an excise, but if it comes to this that Government cannot make up this deficit of one or one and a half crores of rupees and then there is no way of getting out of it but that some excise duty must be levied then I would appeal to you to consider two other factors, that they have some revenue from the Customs, some revenue from income tax, I don't say a large revenue but some revenue from forests, some revenue from railways and so on, and therefore the excise duty may be such as not to be equivalent to the whole amount of the deficit.

*President.*—We do not go into indirect advantages that the country may get or Government may get. We are only concerned with direct results. We find that Government revenue has come down by so much, but it gets a little more on the chemicals and a little more on aspen and so on and then we find that there is still a deficit. We cannot go into the question of railway freights and forest revenue and thousand and one other things. Every industry is in itself an advantage to the country; we cannot go into that. We simply go upon the direct results and then we come to the conclusion "this is the loss of revenue which has to be made up" and on that basis we make our recommendation if we think that any recommendation is required.

*Mr. H. Lalji.*—I was on the Prohibition Committee; we found we were going to lose 4 crores of rupees by prohibition and we suggested other sources from which Government could get revenue to the tune of 2½ crores of rupees and those other sources were taken into consideration.

*President.*—Supposing an excise duty was to be levied in what way would you suggest it should be levied? The other day I suggested that there were two ways of doing it, one by manufacture in bond and the other by stamps.

*Mr. H. Lalji.*—I should prefer stamps but there is one thing which has recently come to my knowledge and that is that this would mean that every factory will have to keep stamps worth a month's consumption in stock, that is to say they will have to lock up Rs. 20,000 or more capital.

*President.*—It may be one month, or 10 days, it depends on the requirements. How can you avoid that?

*Mr. H. Lalji.*—It might affect the small factories.

*President.*—True, but what are we to do; we cannot make special laws for these factories.

*Mr. Mathias.*—That might be made up by making the additional import duty slightly greater than the excise duty?

*Mr. H. Lalji.*—I don't follow.

*Mr. Mathias.*—If you impose an increase in the import duty slightly higher than the excise which you put on the Indian industry, then you would be able to obtain a slightly better price and with that slightly better price you would be able to defray the interest on the amount of capital locked up in stamps.

*Mr. H. Lalji.*—May be. What I mean is this. I have no objection personally because I might be able to keep stamps worth Rs. 40,000 to Rs. 50,000 I don't care, but it might affect the small factories. That is for you to consider.

*President.*—Supposing Government accepted our proposal, they will carry it out in such a way that it will cause the least hardship to small manufacturers, but some hardship is inevitable. If you manufacture say 10 or 5 cases a day it would mean a considerable amount of stamps, but I don't see if stamps are to be introduced that that difficulty could be got over.

*Mr. H. Lalji.*—I was thinking over the proposals for the last few days. Supposing—I put this for my enlightenment—you put 4 annas duty per gross, how will you make it applicable? That is to say supposing you put the duty from 1st April or say from 1st October, do you mean that every factory must have stamps put on match boxes and that only such match boxes would be sold. In that case what would be the condition of matches that are already in the country?

*President.*—They will have to find some way; they will have to give some time I think. I don't know what Government may do.

*Mr. H. Lalji.*—As soon as the duty is announced the excise officer takes charge of the factories, but then there are thousands of match boxes already in the country.

*President.*—What did you do when the salt duty went up; there might have been stocks in the country.

*Mr. H. Lalji.*—That is another matter; salt is in bond.

*President.*—I know of two men who made their fortune by knowing that the salt duty was going to be passed; it cannot be helped, Government will have to take the risk of that kind.

*Dr. Matthai.*—Would there be difficulty if you got sufficient notice?

*Mr. H. Lalji.*—Smuggling will take place.

*President.*—For a time?

*Mr. H. Lalji.*—Take for instance where there are at least 1,000 cases. If I have got my factory and I have to put stamps: I put stamps on say 25 cases a day which is my daily output. I take it the excise officer will be present and give me stamps. But the question is will he remain all day from morning till evening in my factory; if he does not I can pass off 5 cases without stamps and when once it is in the bazar you cannot get hold of this because there are already thousands of cases without stamps in circulation.

*President.*—Government may not get any revenue for six months or so and they must take the risk; these things must happen.

*Mr. H. Lalji.*—Yes.

*President.*—So you are definitely in favour of stamps if the excise duty is to be levied.

*Mr. H. Lalji.*—Yes.

*President.*—That would of course imply also that the import duty will have to be levied in the same way.

*Mr. H. Lalji.*—Yes, I should certainly say that the import duty must not remain the same; it must be a little more if an excise duty has to be levied.

*President.*—As regards the levy of import duty by means of stamp do you suggest that the stamps should be put after the arrival of the matches here.

*Mr. H. Lalji.*—Yes, what else can be done?

*President.*—It can be done by the manufacturer purchasing the stamps.

*Mr. H. Lalji.*—Yes, if Government is satisfied that that is feasible; but there are so many places that matches come from. I think it should be done in the Customs house here, by installing some sort of machine.

*President.*—You mean they can bring the boxes here and then they should be stamped and again packed in the Custom house?

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—Just to go back for a minute to this suggested excise on foreign capital. I don't gather from your representation exactly how the excise is to be calculated or on what estimates the amount of the excise duty is to be fixed. You allude to the Indian Industrial Congress. They say in their resolutions

"The amount of such excise being fixed at a figure calculated to prevent such Trusts from strangling the Indian Match Industry with a view ultimately to monopolising the market".

Supposing for argument's sake that this proposal is accepted, how would you set about determining that figure? It is a very difficult matter.

*Mr. H. Lalji.*—If you put 4 annas excise duty on Indian concerns you should put 8 annas or 12 annas on them.

*Mr. Mathias.*—Why 8 annas or 12 annas and not 6 annas? We have got to consider figures.

*Mr. H. Lalji.*—Because after all we put down one rupee as the value of one gross of half size matches; how much can a man reasonably expect to save in competition or how much could the other side afford to loose to capture the market? I say at least 75 per cent. is needed for protection. If you think 50 per cent. is needed it is for you to say after taking the evidence what would be a fair figure to take.

*Mr. Mathias.*—You are putting a grave responsibility on us. You give us no figures on which we can come to any conclusion. So far as we can ascertain your proposal as regards the figure is sheer guess work.

*Mr. H. Lalji.*—It is not. I should say if we get a protection of 8 annas that would be no protection at all.

*Mr. Mathias.*—The Swedish Match Company might go out of the business altogether; will that be sound?

*Mr. H. Lalji.*—It would be quite sound because my country does not suffer at all. My country will replace them and labourers will get employment. If they do not make matches we will make matches.

*Mr. Mathias.*—Then your Indian labourers suffer; it would be a hardship to your labour for a time?

*Mr. H. Lalji.*—I don't think so. The factory may be immediately replaced by Indian ownership. It will be managed by Indians.

*Mr. Mathias.*—Surely the amount of undercutting which the company can afford to do must depend on its capital resources.

*Mr. H. Lalji.*—Yes, and also on the value of the article.

*Mr. Mathias.*—Supposing they undercut 75 per cent. could they afford to do it?

*Mr. H. Lalji.*—I don't think they will do it, although they have the advantage of being an old established concern.

*Mr. Mathias.*—It might be worth their while spending Rs. 50 laka.

*Mr. H. Lalji.*—When they see that there is such a handicap they won't go in for all this sort of trouble.

*Mr. Mathias.*—It seems to me that your proposal on the one hand may possibly be inadequate if owing to their very large resources the Swedish Company decides to cut their prices still further. On the other hand supposing they reversed this policy which you allege that they have adopted and decide in future merely to go in for fair competition. If they go in for fair competition then 8 annas excise would put them out of the market altogether so that you are pushing them into the position of either undercutting to a very excessive extent or going out of the market altogether.

*Mr. H. Lalji.*—It is always open to Government to vary the amount of excise duty according to circumstances. It won't end with one report; it may be that next year or the year after they may find from representations from people that conditions are changed and Government may alter the excise duty if they find that the competition is not so severe.

*Mr. Mathias.*—Government can alter it. But I was thinking of the immediate effect of such a proposal on the policy of the Swedish Company and it seems to me that it might have the effect of rather expediting matters in the direction that you do not desire. It seems to me that there are two possibilities. First of all, they might say "well, instead of undercutting by four annas, as we are in India and as we have to pay an excise duty of 4 annas, we will undercut by 8 annas to make certain". On the other hand as you say, they may hold that it is too expensive a project and in consequence conclude arrangements with Indian factories and conduct our business through them.

*Mr. H. Lalji.*—The question would be this. When there is a differential treatment and when they know that no unfair competition is needed, they can certainly put themselves in order.

*Mr. Mathias.*—But if reverse the policy of unfair competition which you allege against them, if your proposed differential excise is imposed, they will still incur a loss of four annas per gross. Would not that rather drive them to extremes.

*Mr. H. Lalji.*—After all this is a concern which is out to make money and when the odds are against them, they won't go on losing money for ever. You can see now that they don't care to sell their imported goods so cheap and they have come and established factories in the country. They try to carry on the fight by having factories here. They cannot afford to lose Rs. 1-8-0 altogether. What stops them to-day from selling imported matches at 12 annas a gross after paying off the duty from their pockets? Rs. 1-8-0 duty does not allow them to take that risk, likewise higher excise duty will stop them from cutting prices more below their cost price.

*Mr. Mathias.*—There is a possibility that they may go in for more desperate methods.

*Mr. H. Lalji.*—They know that they are dealing with Government as well—not merely with people.

*President.*—Suppose they make up their mind—no matter what the excise duty is—no matter what the import duty is—that they must get a predominant share in the market, they enter into competition against you. Every time you put on the excise duty they say "we will reduce our selling price". In that case, the weaker vessel must break. The Indian factories must go out. When they have gone out, they will put up the price no matter what the excise duty is.

*Mr. H. Lalji.*—I believe that if an excise duty is put, it is the Government that do that, and they know that they cannot fight against Government.

*President.*—Government are not fighting.

*Mr. H. Lalji.*—It comes to this. When Government take up the nation's cause by putting on an excise duty, it practically means that Government think that the ways of that Syndicate are such that they are injuring the interests of India. If they want to say that they will baffle even Government, the legis-

lature has got the right to go further and stop their importations or to stop their activities in India.

*President.*—Would not your purpose be made effective by a declaration that Government do not intend to allow the Swedish Trust to obtain a monopoly of the Indian market and that they will take steps to prevent that?

*Mr. H. Lalji.*—That would be quite fair.

*President.*—Would not that be a more straight forward and better method of dealing with the situation?

*Mr. H. Lalji.*—I should think that it would be fair.

*President.*—Would not that have the same effect possibly without pushing them into some extreme measures?

*Mr. H. Lalji.*—I shall be only too glad and obliged if the Government will do that. Then the question of revenue only remains and Government can devise any method they like to get their revenue.

*President.*—One never knows how these proposals are going to work.

*Mr. H. Lalji.*—If the Government did that, it would be quite a straight forward thing to do and then if necessary and if unavoidable they could put excise duty on the industry if in their opinion it can bear.

#### *Capital.*

*President.*—As regards your capital you have not given us details of your fixed capital. We asked for it under four or five different headings.

*Mr. H. Lalji.*—At the time our whole capital is between four and five lakhs of rupees.

*President.*—What is the value of your land, machinery, buildings, etc., separately?

*Mr. H. Lalji.*—We value our machinery at Rs. 80,000, Accessories Rs. 30,000, Land Rs. 40,000, Buildings Rs. 90,000.

*President.*—Was that what you actually spent?

*Mr. H. Lalji.*—Yes, the land is ours and the buildings are also our own.

*President.*—Your buildings and land cost you more than your machinery, did it not?

*Mr. H. Lalji.*—Yes.

*President.*—That makes it about Rs. 2,40,000?

*Mr. H. Lalji.*—Yes.

*President.*—Then as regards your working capital, you claim Rs. 3,00,000. On what basis have you calculated that amount?

*Mr. H. Lalji.*—We hold stocks to the extent of Rs. 1,50,000 to Rs. 2,00,000 and have outstandings to the extent of Rs. 1,50,000 to Rs. 2,00,000.

*President.*—By outstandings you mean really that 150,000 gross of matches are sold on credit?

*Mr. H. Lalji.*—Yes, on two months credit.

*President.*—And Rs. 1,50,000 for stocks?

*Mr. H. Lalji.*—Yes.

*President.*—That is about four months?

*Mr. H. Lalji.*—Yes. Sometimes, as in the month of May, it becomes more.

*President.*—As regards depreciation you claim about 20 to 25 per cent.

*Mr. H. Lalji.*—We have a lot of repair work to do in one year on these Japanese machinery.

*President.*—Repairs go into your general charges, don't they?

Mr. H. Lalji.—Yes, quite right. What we mean is that after we have made the repairs the machines do not last for more than 6 or 7 years. The Japanese machines are very poor in construction. By repairs we mean putting one wheel here, one wheel there and that sort of petty repairs.

President.—Would they not last even ten years?

Mr. H. Lalji.—No.

Dr. Matthai.—The income tax authorities do not allow 10 per cent., do they?

Mr. H. Lalji.—That is a mistake; it should be only  $6\frac{1}{2}$  per cent.

President.—That you want only on machinery, that is Rs. 80,000?

Mr. H. Lalji.—On machinery and accessories.

President.—20 per cent. is a very high percentage, is it not?

Mr. H. Lalji.—Carriages and thalis and such things hardly last for a year or two.

President.—Have you laid aside so much depreciation in your accounts?

Mr. H. Lalji.—No. We have shown 15 per cent. in our costs.

President.—You have included that in the cost, have you?

Mr. H. Lalji.—Yes, 15 per cent.

President.—Have you set aside a depreciation fund?

Mr. H. Lalji.—We have not kept any separate funds at all.

President.—But you would supply the money when it is required; you have already got it?

Mr. H. Lalji.—Yes.

President.—In the last three or four years you have written down the value of your machinery altogether, if you have allowed 15 per cent., which comes to Rs. 16,500 a year, on your machinery and accessories.

Mr. H. Lalji.—The point is that we had not got all this machinery in the beginning; we were turning out in the first instance only 8 cases. A major portion of the machinery was imported in 1926-27. We were short of space then and we are still erecting, and a lot of our machinery has come in only recently.

President.—All the same if you are charging at that rate, practically in four or five years time the value will be written down completely.

Mr. H. Merchant.—That is what we hope to do.

### Costs.

President.—Now we come to the costs. You give your cost of wood as Rs. 20-10-0 per 100 gross. What rates have you taken?

Mr. Merchant.—We use 4'6 c. ft. of aspen wood per case of 100 gross for splints which costs us Rs. 115 per ton at the factory and we use 9'7 c.ft. of Indian wood per case of 100 gross for boxes and this costs us Rs. 40 per ton at the factory.

President.—If you were to use Indian wood splints, how much would that cost you?

Mr. Merchant.—We have got to get it at Rs. 80 per ton as we have to import this splint wood from the Punjab.

President.—How much would you be able to save?

Mr. H. Lalji.—About  $3\frac{1}{2}$  to 4 pies per gross, with the present railway freight from the Punjab.

President.—There is a little more wastage, is there?

Mr. H. Lalji.—I have included the wastage otherwise it would be 6 pies.

Mr. Mathias.—That is roughly Rs. 18-11-0 per case of 100 gross, which means a reduction of about Rs. 2 per case of 100 gross?

Mr. H. Lalji.—Yes.



*Dr. Matthai.*—Actually if you are able to use 15 per cent. Indian wood mixed with aspen splints you might be able to make the reduction in the first item without affecting your selling price?

*Mr. H. Lalji.*—We might.

*Dr. Matthai.*—And we should be justified in taking off a corresponding reduction of 15 per cent.?

*Mr. H. Lalji.*—Yes.

*Mr. Merchant.*—All our boxes do not contain the 15 per cent. mixture.

*Dr. Matthai.*—On the whole it would be a correct proportion to take?

*Mr. H. Lalji.*—Yes.

*President.*—Then your next item is the cost of paper; does that include all classes of paper?

*Mr. H. Lalji.*—Yes.

*President.*—Do you use Japanese paper chiefly?

*Mr. H. Lalji.*—We used to get it from Japan, now we are getting it from Norway through our London agents who are able to get it cheaper. We also buy our chemicals through our London agents.

*President.*—Supposing you were to buy them here?

*Mr. Merchant.*—There is no suitable agent here: it won't pay us to buy here.

*President.*—The Swedish Match Company have got a firm to sell chemicals for matches, etc., here, haven't they?

*Mr. H. Lalji.*—Their chemicals have not given us very good results. Certain chemicals that we purchased from them did not turn out to be good and during the monsoon they did not burn and our expert said it was due to the bad chemicals. We had to get back all our matches even from the Punjab side and destroy them. Therefore we are getting our chemicals through our London agents now.

*President.*—Your London agents also must be getting from the same people?

*Mr. H. Lalji.*—No.

*President.*—You have had no difficulty so far in getting your chemicals?

*Mr. H. Lalji.*—No.

*President.*—Did you get any chemicals from Japan?

*Mr. H. Lalji.*—We used to get them a year and a half ago but now we do not do that.

*Dr. Matthai.*—Do you get your paraffin locally?

*Mr. H. Lalji.*—Yes, from the Burma Oil Company.

*Dr. Matthai.*—Are you quite satisfied with the quality?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—How do the prices compare?

*Mr. H. Lalji.*—We find the local paraffin cheaper.

*President.*—As regards the chlorate of potash, you use 14 lbs. per 100 gross?

*Mr. H. Lalji.*—Yes.

*President.*—That is less than any we have come across so far?

*Mr. H. Lalji.*—We consider the figure as liberal and we have no difficulty so far and we think we can still economize it.

*President.*—It is the chlorate of potash which is the most costly article and it is that which has most to do with the lighting quality of matches?

*Mr. H. Lalji.*—Yes.

*President.*—And you are satisfied that you are using enough of chlorate of potash?

*Mr. H. Lalji.*—Yes.

*Dr. Matthai.*—In paraffin I find you have 11 lbs. against 17 lbs. that was given to us by other factories?

*Mr. H. Lalji.*—I should say with due deference to other people that paraffin and chlorate of potash are the two items on which one could show a little more cost if he wanted to. As for ourselves we are satisfied with this. I may tell you in confidence that it was suggested to us at one time that we should also show a little higher cost in these two items?

*Mr. Merchant.*—Our actual average is 10 lbs., not even 11 lbs.

*President.*—There is one point I forgot to ask you about: you make 3 different sizes of matches, don't you?

*Mr. H. Lalji.*—Yes.

*President.*—In determining the cost what proportion do you adopt?

*Mr. Merchant.*—We have given you the proportion.

*President.*—Supposing your cost comes to Rs. 92-11-1, the percentage would be how much for each of the three different sizes?

*Mr. Merchant.*—In the written statement I have put in I have shown comparative costs. Full size matches we are making only in very little quantities and  $\frac{3}{4}$  size we are making in limited quantities because of foreign competition.

*President.*—You say the cost of full size is 40 per cent. over that of half size?

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—If we take the cost of chlorate of potash as 40 per cent. higher for full size would that be correct?

*Mr. H. Lalji.*—No; 40 per cent. higher including all the costs.

*Dr. Matthai.*—Would it be right to say that the proportion of wood would be more or less in the proportion of the cost that you show here? Supposing I want to know the amount of wood consumed in a full size box as compared with a half size box, would it be right to say that the amount of wood consumed in a full size box is 40 per cent. higher?

*Mr. H. Lalji.*—No.

*Dr. Matthai.*—Would it be more than 40 per cent.?

*Mr. H. Lalji.*—I don't think it would be more.

*Dr. Matthai.*—What I was thinking of is this. As regards the other items of cost there cannot be very much difference.

*Mr. H. Lalji.*—No.

*Dr. Matthai.*—It is really the wood that matters and therefore your general proportion must apply to wood really?

*Mr. H. Lalji.*—That is correct.

*President.*—Your labour costs are fairly high because you make your boxes by hand only; is that the main reason?

*Mr. H. Lalji.*—Yes.

*President.*—You say the cost of making boxes by hand is Rs. 10-15-0?

*Mr. H. Lalji.*—Yes.

*President.*—That is to say it is really 1 anna 9 pies per gross?

*Mr. H. Lalji.*—Yes.

*President.*—That is about an anna more than it would be if you used machinery?

*Mr. H. Lalji.*—Yes, but we had a lot of complaint with regard to boxes being broken.

*President.*—Even allowing for wastage.

*Mr. H. Lalji.*—As I say, we had many complaints with regard to the boxes.

*President.*—Have you used machines?

*Mr. H. Lalji.*—We have 8 machines.

*President.*—What is the cost there?

*Mr. H. Lalji.*—Half of that, but then the wastage is very great and if you take that and the complaints into consideration, it does not pay.

*Mr. Mathias.*—Do you think better boxes are made by hand?

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—On the Calcutta side we heard quite the opposite.

*Mr. Merchant.*—On this side the labour is now pretty well trained.

*President.*—In Ahmedabad we saw boxes being made out of Indian wood by machine and we saw hardly any wastage.

*Mr. Merchant.*—That is not our experience.

*President.*—That is because probably the machines are not properly handled here.

*Mr. H. Lalji.*—We first got four machines from Sweden; they did not work well and then we got four more machines from rollers, but they too have not been found quite satisfactory.

*President.*—What is the trouble?

*Mr. H. Lalji.*—The boxes are not well pasted and the inner boxes get broken.

*Dr. Matthai.*—That is probably because your labourers are not properly trained or have not had sufficient experience?

*Mr. Merchant.*—The trouble with box-making by machinery is that this process does not give sufficient time for drying. When the box is made by hand the konji dries up very well and the paper sticks nicely.

*Mr. Mathias.*—Perhaps you were working your machines too fast?

*Mr. H. Lalji.*—We were doing 20,000 sets of boxes while the capacity is stated to be 24,000. Now we have brought it down to 16,000.

*President.*—20,000 boxes mean that you get 2,500 boxes in an hour if you worked for 8 hours.

*Mr. H. Lalji.*—Yes.

*President.*—That is not very fast; it is only about 50 boxes a minute.

*Mr. H. Lalji.*—We have not yet stopped working the machines. We have been trying to see if we can do anything. I saw these machines working in the Esavi Match Factory at Calcutta in 1926 and they also had got the same complaint; the same difficulty is here with Mr. Abdool Ebrahim (Coorla). Our weather is somewhat wet here and therefore probable the konji on the machine does not get dry so quickly.

*President.*—I think it may be very largely due to your people not being able to handle the machines properly? Or it may be due to the quality of the glue or the veneer?

*Mr. H. Lalji.*—We consulted the expert from Germany who had been to Rangoon. We specially asked him to remain in Bombay for three days to set the whole thing in order and in his opinion there was no defect in our workmen—there were only two operatives required—the main defect was that the inner boxes did not get dry. When you make boxes by hand they don't get out of shape.

*Dr. Matthai.*—You have fitters constantly supervising your machines, haven't you?

*Mr. H. Lalji.*—Yes, we are trying our level best to do it.

*President.*—Because it would make a great difference if you were able to save one anna?

*Mr. H. Lalji.*—We would not be able to save one anna; it might be half an anna or at the most three-quarters of an anna.

*President.*—In any case it will make a big difference?

*Mr. H. Lalji.*—Yes.

*President.*—This is the only department where you employ manual labour on a large scale?

*Mr. H. Lalji.*—Yes.

*President.*—The rest of the work is practically done by machines except labelling?

*Mr. H. Lalji.*—Yes, but labelling is done both by hand and machiner. The cost is just the same because the charge for labelling is less.

*President.*—What is this item "Office establishment, expert and other overhead charges—Rs. 3,100 a month"?

*Mr. H. Lalji.*—We have got four Japanese whom we pay Rs. 400 each. They are to go away shortly. Then we have office establishment at Andheri and at Nagdevi.

*President.*—And depreciation you have calculated at 15 per cent. on Rs. 1,11,000?

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—What is included in the item 'taxes'?

*Mr. H. Lalji.*—Municipal tax.

*President.*—At what rate have you calculated interest on Rs. 5½ lakhs?

*Mr. H. Lalji.*—At 9 per cent.

*President.*—Everything has gone in there, has it not, including your return of 9 per cent.?

*Mr. H. Lalji.*—Yes. If you borrow money from the bank also you pay 1 per cent. over the bank rate.

*President.*—What further profit do you consider reasonable on that? You have already calculated your return on capital at the rate of 9 per cent. We will say that is the return on capital but as you are looking after the business you would expect some more profit over and above the return on the capital. What do you consider would be a fair return for your labour and supervision and other things?

*Mr. H. Lalji.*—10 to 15 per cent.

*President.*—Do you mean another 15 per cent. on Rs. 5½ lakhs; that would make it 24 per cent.?

*Mr. H. Lalji.*—We would be satisfied with less but at the present moment it is all our labour and all our own capital. This is a small concern; beside if we have a managing director he alone will take Rs. 1,500 to 2,000 per month. In all other companies they take Rs. 1,500 to 2,000 for the managing director, and then all the other things are there also. In any ordinary concern you will have either managing agents or the managing directors getting Rs. 1,500 or 2,000 a month.

*President.*—It is nearly 1 anna 9 pies per gross plus the 9 per cent. which has already gone in.

*Mr. H. Lalji.*—But 9 per cent. is on the capital, and as regards the management, any managing director would take Rs. 1,500 a month. If you put it as the managing director's remuneration that is what we are getting to-day. If it was a limited concern I would certainly put in Rs. 1,500 to 2,000 as managing director's fee and nobody would grudge it.

*Mr. Mathias.*—Take the head "Miscellaneous, e.g., rent, municipal taxes, insurance, etc.", have you any special advantages in these respects? Are your rents and municipal taxes less for your factory than for other factories?

*Mr. H. Lalji.*—We have purchased our land and there is no land revenue.

*Mr. Mathias.*—The reason why I was asking you is that we found in the case of the National Match Works the costs under this head are Rs. 10.

*Mr. H. Lalji.*—The land is not their property; they have to pay rent. We don't pay rent.

*Mr. Mathias.*—Rs. 10 would not be an unreasonable charge, would it?

*Mr. H. Lalji.*—No.

*Mr. Mathias.*—Are these costs that you have given here for 1926-27?

*Mr. H. Lalji.*—They are our present costs. We have just worked them out at 25 cases a day.

*Mr. Mathias.*—That is to say, they are the costs as they stand to-day?

*Mr. H. Lalji.*—Yes. Last year our production never went over 1,800 and therefore the proportionate cost was more; the year before that our cost was still more.

*Mr. Mathias.*—In these costs there would be some slight reduction under the head of wood because you have just got your contract.

*Mr. H. Lalji.*—I have calculated at Rs. 40.

*Mr. Mathias.*—You have taken that into consideration?

*Mr. H. Lalji.*—Yes.

*Mr. Mathias.*—Is there any other item in which you consider that the cost could be reduced?

*Mr. H. Lalji.*—Not at present.



सत्यमेव जयते

## The Thana Match Works, Thana, Bombay Presidency.

(i) *Letter, dated the 2nd April 1927.*

We beg to enclose herewith our answers in connection with the Match Industry questionnaire.

1. The firm has been established in July 1926 and is unregistered.
2. Ours is a proprietary concern and the capital is held 90 per cent. by an Indian and 10 per cent. by a Japanese.
3. We undertake the whole process of manufacturing matches.
4. During September 1926.
5. Gross 800 to 1,000 per day.
6. Half size.
7. Factory was not in existence then
8. At Thana near Bombay. Yes.
  - (a) Within 20 miles from Bombay.
  - (b) Yes.
  - (c) Yes, round about Bombay.
9. (a) We do not agree. Except splints only some of trademarks are approved of by the Indian Public since last so many years and consequently people insist upon having them. In some parts of India, such as Kathiawar, Verawal, and Porbander, etc., where the foreign goods are sent on transshipments while the goods of foreign origin on which the actual duty has been paid in British India, on goods made in British India are subject to a duty of 50 per cent. so that the buyers have to perforce purchase transhipped Matches of foreign makes.
  - (b) No.
  - (c) Cannot say definitely, but presume that 3 pies per box are a necessary move for banishing this prejudice.
10. (a) Yes.
  - (b) Yes, but at present Indian wood is utilised.
  - (c) No. We purchase cases from Bombay market.
1. Not available.
2. Kobe and Poland.
3. 50 per cent. of the value is freight, insurance.
4. Rs. 3 per ton.
5. Rs. 11 per ton.
6. 15 per cent. on the value of invoice.
11. (a) and (b) Sawar, Mango and Gugal.
  - (c) We purchase cases from Bombay and sometimes planks from the Continent.
12. (a) We generally use Sawar, Mango and Gugal but these cannot stand in competition with Foreign wood splints. Of course, there is competing wood in some part of India, but the railway freight is very much higher than what we pay on Foreign wood. If the Railway Authorities will give us concession we can manufacture splints in India. There being general tendency of customers that the splints should be as far as possible white and clean, they naturally dislike the appearance of the splints manufactured from Indian wood.
  - (b) Yes.
  - (c) Yes.
13. 1,500 tons for veneers and splints.
14. 900 lbs. of wood for 100 gross.
15. 2" x 8½" length, 2" x 4" breadth and 2" x 4½" height. Ninety-five running feet of planks are required per case of 100 gross.

16. Within 15 miles.
  17. By Bullock carts.
  18. Nil.
  19. Not available.
  20. Nil.
  21. The supply of wood is not constant in quality as the wood growing in plains is more suitable than that growing in hills.
  22. We find that the supplies of wood, as time goes on, are very scarce from near by.
  23. We purchase from local merchants, rate from Rs. 35 to Rs. 40 per ton of 50 c. ft.
  24. Up till now we are getting sufficient supplies but with regard to planting of trees, this question rests with the Forest Authorities.
  25. We get concession on foreign wood but on Indian Wood we are not having a favourable freight from Railway Authorities.
  26. Paper, Chemicals and Paraffin wax are required as under :—  
Paper, about 40 tons. Chemicals, 40 tons and Paraffin, 12 tons.
  - 27.
  - 28.
  29. If necessary facilities are offered there is nothing impossible.
  30. No. It depends upon circumstances, but not so difficult.
  31. To very little extent.
  32. One.
  33. Not much particularly but composition is improved. Indian labourers are given every facility to learn the industry.
  34. Total strength is 400, out of this number 130 being women. Rate for female annas 10 per day and male from Re. 1 to Re. 1-12 per day.
  35. From vicinity of the factory.
  36. Yes.
  37. Some quarters are provided and other welfares are well in hand at present.
  38. Oil engines.
  39. Nil.
  40. We are using crude oil and the same is available in sufficient quantities.
  41. Five gallons per day of 10 hours.
  42. From Bombay, rate per ton Rs. 85 *ex-factory*.
  43. We are not interested.
- Regarding electric power we had intention of using electric power but Andhra Valley Power Company being near to us, they quoted us a very high rate.
44. Not available.
  45. Yes, decidedly.
  46. Almost all parts of India, say, about 100 to 300 miles away from factory.
  47. None. Most of them are captured by foreigners.
  48. Cannot say definitely.
  49. Sweden and their Indian factories.
  50. As far as present duty is concerned foreign matches cannot compete with Indian matches but still then this duty cannot be removed, but on the contrary it should be increased until Indian Market is flooded with Indian Matches only.
  - 51 to 53. Not available.

54. Almost all points from A to I.  
 55. Cannot say definitely.  
 56. Not exactly.  
 57. Say, about 50 per cent.  
 58. Our machinery is Japanese, is suitable for Indian labour.  
 59.  
 60. (a) and (b) Yes.  
 61. None of them.  
 62 to 74. Not available at present.  
 75 to 80. Regret we are not in a position to furnish you with any information in this respect at present.  
 81. Rs. 50,000.  
 (i) Rs. 1,00,000.  
 82. Not applicable.  
 83. Nil.  
 84. Working Capital Rs. 50,000.  
 85. Average of stock finished is per month Rs. 29,000 to Rs. 30,000 and money is recovered after a month of delivery.  
 86. Yes, wood especially.  
 87. No Head Office.  
 88. Agents' Commission is half anna per gross.  
 89. After transaction is completed.  
 90. Yes, in abundance.  
 91 to 93. We are not interested.  
 94. Yes. (a), (b) and (c).  
 95. Yes. (a) and (b).  
 96. Yes, in abundance.  
 97. In fact nothing, comparing the high prices we have got to pay for chemicals which concerns are controlled by Swedish people.  
 98 and 99 and 94 to 97. These points have already been embodied in the representation, dated 22nd December 1926 addressed to the Secretary, The Tariff Board (Match Industry Inquiry), Calcutta, by the President of the Indian Match Manufacturing Association. (*Vide* concluding paragraphs 1 to 6, page Nos. 15 and 16.)

(ii) *Supplementary Statements.*

(1) LETTER DATED THE 30TH NOVEMBER 1927.

With reference to your letter No. 929 of the 28th instant, we beg to enclose herewith a statement showing actual cost per case of 100 gross and we hope that you will treat the same as strictly confidential.

*Cost per case of 100 gross of  $\frac{1}{2}$  size matches.*

	RS. AS. P.
Aspen wood for splints . . . . .	22 0 0*
Indian wood for inner and outer . . . . .	7 0 0
Labour for above two items . . . . .	3 0 0
Paper for inner and outer . . . . .	3 0 0
Making charges for inner and outer . . . . .	11 4 0
Flour for pasting . . . . .	1 0 0
Label pasting . . . . .	1 10 3

\* If Indian wood is used cost will be Rs. 10.



	Rs.	A.	P.
Cost of glaze labels . . . . .	7	0	0
Chemicals for splints head and paraffin . . . . .	17	0	0
Labour for above . . . . .	3	0	0
Labour for filling splints . . . . .	1	12	0
Labour for emptying . . . . .	0	6	0
Labour for labelling . . . . .	0	7	6
Labour for filling boxes . . . . .	6	12	0
Labour for composition . . . . .	1	0	0
Labour for packing dozen packets . . . . .	0	10	0
Labour for packing gross packets . . . . .	0	8	0
Paper for dozen and gross . . . . .	2	4	0
Empty wooden case . . . . .	4	8	0
Tarpoline paper . . . . .	0	8	0
Cost of power . . . . .	0	8	0
Cost of repair . . . . .	3	0	0
Cost of supervision and office . . . . .	6	0	0
Cost of wastage . . . . .	5	0	0
Commission for selling agent . . . . .	3	2	0
Discount and interest . . . . .	1	9	0
TOTAL . . . . .	113	12	6

## (2) LETTER DATED 24TH FEBRUARY 1928.

With reference to your letter No. 215 of the 22nd instant, we beg to state as follows:—

- (1) 1926 production:—2 cases per day, *i.e.*, 156 cases for three months as the factory commence working from 1st October 1926.
- (2) Recent daily production:—12 to 13 cases of 100 gross per day.
- (3) 1926 costs:—Rs. 1-7-0 per gross, as the factory commence working from October 1926, so in the beginning the cost is high.

## THE THANA MATCH WORKS, BOMBAY.

B.—ORAL.

### Evidence of Mr. E. A. Kadar recorded at Bombay on Friday, the 25th November 1927.

#### *Introductory.*

*President.*—Mr. Kadar, what is your interest in the Thana Match Works?

*Mr. Kadar.*—The Thana Match Works is my son's property.

*President.*—How old is he?

*Mr. Kadar.*—27 years old.

*President.*—Why isn't he here?

*Mr. Kadar.*—He is sick.

*President.*—Are you managing the business?

*Mr. Kadar.*—Yes.

*President.*—You say that you have got a Japanese partner. What do you mean by that?

*Mr. Kadar.*—He is a nominal partner. He has been engaged to manage the factory and to give training to the Indian labour.

*President.*—Has he got a share in the business?

*Mr. Kadar.*—He is given something in the shape of a bonus.

*President.*—Has he contributed any capital?

*Mr. Kadar.*—Yes.

*President.*—Then, I don't understand what you mean by giving him something in the shape of a bonus.

*Mr. Kadar.*—He has brought some machinery from Japan which is being used in the Thana Match Works.

*President.*—That machinery is his contribution to the capital.

*Mr. Kadar.*—Yes.

#### *Capital.*

*President.*—What is the total capital put in?

*Mr. Kadar.*—Rs. 1,06,000 is our capital.

*President.*—Is that including the working capital?

*Mr. Kadar.*—Yes.

*President.*—How much have you put in by way of plant and machinery?

*Mr. Kadar.*—Rs. 25,000 in all.

*President.*—Is that Japanese machinery? Is it of Japanese manufacture?

*Mr. Kadar.*—Yes.

*President.*—What is the value of the Japanese partner's machinery which you are using in the Thana Match Works?

*Mr. Kadar.*—Rs. 5,000.

*President.*—In consideration of that, he gets a bonus.

*Mr. Kadar.*—Yes.

*President.*—Is he responsible for any loss that there may be in the business?

*Mr. Kadar.*—No.

*Dr. Matthai.*—He is not a partner then.

*Mr. Kadar.*—He is not responsible for any loss.

*President.*—Here you have said that he has contributed about 10 per cent of the capital.

*Mr. Kadar.*—Land, Rs. 25,000.

*President.*—Have you got a special building for the factory?

*Mr. Kadar.*—Yes.

*President.*—How much have you spent on your building?

*Mr. Kadar.*—Rs. 21,000.

*President.*—And how much on your machinery?

*Mr. Kadar.*—Rs. 25,000.

*President.*—How much is your working capital?

*Mr. Kadar.*—Rs. 35,000.

*Date of opening of factory.*

*President.*—You started working only in July 1926?

*Mr. Kadar.*—Only the erection work started in July but the factory began working from September, 1926.

*President.*—You knew at that time, did you not, that this matter was going to be referred to the Tariff Board?

*Mr. Kadar.*—No.

*President.*—What made you build this factory then in 1926?

*Mr. Kadar.*—For the sake of business.

*President.*—But what was the inducement?

*Mr. Kadar.*—Mr. A. Motiwala who is one of our partners is also a partner in the Titvala Match Company and that factory has been in existence for the last four years. That induced me to start this match works.

*President.*—Is the owner of the Titvala factory interested in this factory also?

*Mr. Kadar.*—Yes, he is also a partner in our firm.

*President.*—So that really it is one concern?

*Mr. Kadar.*—No, they are two separate concerns.

*President.*—Do you work more or less jointly in consultation with each other?

*Mr. Kadar.*—Yes.

*President.*—How many partners have you got in this?

*Mr. Kadar.*—Only Mr. A. E. Motiwala and the Japanese gentleman who has invested some capital in the shape of machinery.

*President.*—Are you not a partner?

*Mr. Kadar.*—No. I am only looking after the business.

*President.*—This Japanese machinery, was it new when it was imported?

*Mr. Kadar.*—It was brought from Japan.

*President.*—Who arranged it?

*Mr. Kadar.*—Mr. Motiwala.

*President.*—Did Mr. Motiwala ask this gentleman to bring this machinery?

*Mr. Kadar.*—The Japanese gentleman himself brought it and afterwards joined the Thana Match Works.

*President.*—If he had not brought the machinery would you still have thought of building this factory?

*Mr. Kadar.*—Yes.

*The Japanese "partner."*

*President.*—Have you done business with this gentleman before?

*Mr. Kadar.*—Yes, while he was in Japan.

*President.*—In matches or in what?

*Mr. Kadar.*—In matches. He had his own factory in Japan and Mr. Motiwala was importing matches from him.

*President.*—Has he still got a factory in Japan?

*Mr. Kadar.*—No.

*President.*—He has got his interest only here in India now?

*Mr. Kadar.*—Yes.

*Mr. Mathias.*—What happened to his factory in Japan?

*Mr. Kadar.*—I do not know.

*President.*—What bonus do you give him?

*Mr. Kadar.*—25 per cent. on the nett profit.

*President.*—That is a very large percentage considering the fact that his contribution is only Rs. 5,000.

*Mr. Kadar.*—It is only for a short time, and moreover he trains the labourers.

*President.*—How long is it for?

*Mr. Kadar.*—For two years of which one year has already passed.

*Mr. Mathias.*—At the end of that time, what interest will he have in the Thana Match Works?

*Mr. Kadar.*—Nothing.

*Mr. Mathias.*—What happens to this Rs. 5,000 which he has invested, after two years?

*Mr. Kadar.*—At present we are paying him for his monthly expenses over and above that 25 per cent. as bonus for two years.

*Mr. Mathias.*—At the end of two years what will he receive on account of this investment of Rs. 5,000.

*Mr. Kadar.*—He will be paid back the amount of Rs. 5,000 which he has invested.

#### *Costs of production.*

*President.*—How many processes do you carry on by machinery in this factory?

*Mr. Kadar.*—Splint and veneer cutting, frame filling and frame emptying and splint levelling.

*President.*—And everything else is done by hand?

*Mr. Kadar.*—Yes.

*President.*—How many frame filling machines have you got?

*Mr. Kadar.*—Six.

*President.*—How much do these machines cost?

*Mr. Kadar.*—500 yen each, that is about Rs. 750, and Rs. 100 each import duty.

*President.*—You had to pay 15 per cent. duty on these?

*Mr. Kadar.*—Yes, and on the others  $2\frac{1}{2}$  per cent.

*President.*—What is the reason, why you had to pay 15 per cent. on these?

*Mr. Kadar.*—They said these machines could be worked both by hand and by power.

*President.*—And how much did you pay for the oil engine?

*Mr. Kadar.*—Rs. 4,000.

*President.*—Is the land your own?

*Mr. Kadar.*—Yes.

*President.*—Did you have to buy it for this purpose?

*Mr. Kadar.*—Yes.

*President.*—How much did you pay for this?

*Mr. Kadar.*—Rs. 22,000 plus Rs. 3,000 expenses.

*President.*—And the building?

*Mr. Kadar.*—Rs. 21,000.

*President.*—You use Japanese aspen for splints I suppose?

*Mr. Kadar.*—Japanese and continental aspen.

*President.*—What Indian wood do you use for splints?

*Mr. Kadar.*—Savar and mango.

*President.*—What is the proportion in which you use Indian wood and foreign wood for splints?

*Mr. Kadar.*—70 per cent. aspen and 30 per cent. Indian wood.

*President.*—You give your full capacity as 800 to 1,000 gross per day?

*Mr. Kadar.*—Yes. At present we are manufacturing 800 to 1,000 gross per day.

*Mr. Mathias.*—How many could you manufacture?

*Mr. Kadar.*—1,400 to 1,500 gross per day.

*President.*—You have not given us any information as regards your costs.

*Mr. Kadar.*—Rs. 110 to Rs. 115 per 100 gross for half size.

*President.*—Do you keep any regular cost accounts?

*Mr. Kadar.*—No.

*President.*—Then how do you know how much your matches cost?

*Mr. Kadar.*—We can always find that out by calculating.

*President.*—How can you calculate when you do not keep any cost account? Have you made up your accounts in that way?

*Mr. Kadar.*—Yes.

*President.*—Will you let us have a copy of your cost account?

*Mr. Kadar.*—Yes.

*President.*—We have given you two forms in our questionnaire; will you now send us your cost account in these two forms?

*Mr. Kadar.*—Yes.

*President.*—What is your selling price?

*Mr. Kadar.*—Rs. 1-3-3 per gross.

*President.*—Is it nett?

*Mr. Kadar.*—No; out of that, we have to pay 1 pice discount and half an anna selling agent's commission per gross.

*President.*—That is 3 pice less, so that you get Rs. 1-2-6 nett.

*Mr. Kadar.*—Yes.

*President.*—And your cost is Rs. 110 to Rs. 115?

*Mr. Kadar.*—That is correct.

*President.*—Do you find that an adequate margin for your business?

*Mr. Kadar.*—No.

*Dr. Matthai.*—You don't think that a nett price of Rs. 1-2-6 is sufficient?

*Mr. Kadar.*—No, I do not think so.

*Dr. Matthai.*—What price do you think would be sufficient?

*Mr. Kadar.*—Rs. 1-4-0 to Rs. 1-4-6.

*President.*—How are you going to get that price?

*Mr. Kadar.*—If the Ambarnath Factory does not come and compete there is that possibility.

*President.*—Quite, but there are also other Indian factories which are competing, are they not?

*Mr. Kadar.*—Yes, but those factories would not sell their goods at a loss but the Ambarnath factory does so.

*President.*—When you started your factory in 1926 the prices were very much higher, were they not?

*Mr. Kadar.*—Yes, it was Rs. 1-7-0.

*President.*—So that you thought it would be a very paying proposition if the price continued at that level?

*Mr. Kadar.*—Yes.

*President.*—Now if the prices go below Rs. 1-3-0 by internal competition what would be your position?

*Mr. Kadar.*—We will have to close down the factory.

*President.*—Didn't you anticipate that the prices might go down; they were going down already in 1926, were they not? Did you not feel in 1926 that the prices might fall much below Rs. 1-7-0 in course of time? Did you not realize that there would be competition in the country and that prices would go down?

*Mr. Kadar.*—No.

*Dr. Matthai.*—What do you want us to do in order to enable you to get a price of Rs. 1-4-6?

*Mr. Kadar.*—An excise duty on Ambarnath so that they may not compete with us, or that Government should give us a bounty.

*President.*—Supposing Government found that Ambarnath was able to produce matches very much cheaper than yourselves, do you expect Government to give you a bounty in order to enable you to produce matches at a higher cost?

*Mr. Kadar.*—Let the Ambarnath people prove that they can produce cheaper.

*President.*—I am assuming that the Ambarnath factory can prove that they can manufacture matches at a very much smaller cost than you and that there is no unfair competition. In that case would you still suggest that the Government should subsidize you by paying you a bounty?

*Mr. Kadar.*—I don't agree with you there, because I cannot understand how the Ambarnath people can produce and sell matches cheaper because when there was competition between Japanese and Swedish matches, the importers of Japanese matches were selling at 3 annas less than the Swedish matches inspite of the fact that the Swedish matches were manufactured by machinery and the Japanese matches were manufactured by hand. Even when they had every facility in Sweden they could not compete with Japanese matches. So I cannot understand how the Ambarnath factory can manufacture at a cheaper rate?

*President.*—Have you not noticed that the Japanese imports have steadily disappeared from India in competition with Indian and Swedish matches?

*Mr. Mathias.*—When you say the price is Rs. 1-2-6 nett do you refer to aspen matches or Indian matches?

*Mr. Kadar.*—Matches made out of aspen splints and Indian wood boxes sell at Rs. 1-2-6 nett.

*President.*—Your matches are sold in the bazar at a pice per box retail, are they?

*Mr. Kadar.*—I cannot say that but I know that a dozen is sold at 2 annas.

*President.*—Where, in Bombay.

*Mr. Kadar.*—Not in Bombay because of the Association started by the Ambarnath factory. The centre for the selling of matches in Bombay is Nal Bazar and if we send some of our matches to the merchants there they say owing to the syndicate we cannot sell other matches except Ambarnath.

*President.*—Are Ambarnath matches sold at a cheaper price in Nal Bazar than yours?

*Mr. Kadar.*—It is not a question of higher or lower price. There is an association at work the object of which is that no merchant should sell other goods than Ambarnath matches.

*President.*—We were told yesterday that the 'Pistol' brand is being sold in Bombay inspite of the association?

*Mr. Kadar.*—Yes, but they are selling retail to all *pan* and *biri* shops.

*Dr. Matthai.*—Why can't you do the same?

*Mr. Kadar.*—It is too expensive.

*President.*—Where do you sell your matches chiefly?

*Mr. Kadar.*—In Berar and in the Nizam's Dominions.

*President.*—What would you do if they started manufacturing matches in the Central Provinces or in Hyderabad when you have no market at home?

*Mr. Kadar.*—If anybody starts a match factory in Hyderabad or Berar he cannot meet the whole demand there. There is a heavy demand in the Nizam's Dominions.

*President.*—Why should they take your matches; they could start more factories near about?

*Mr. Kadar.*—We will then introduce our matches into some other markets.

*Mr. Mathias.*—Have you made any effort to sell your matches in the Bombay market.

*Mr. Kadar.*—Yes, but we could not induce the association to take our matches.

#### *Improvement of sales organisation.*

*Mr. Mathias.*—We were told yesterday that some of the biggest dealers in the Bombay market were also partners in match works in India. We also gathered the impression yesterday that Indian matches other than Ambarnath matches could be sold in the Bombay market if sufficient arrangements were made to deliver them at the shops. Is that correct?

*Mr. Kadar.*—That is a very expensive way of selling from one shop to another by motor. We have not got the funds to undertake it.

*Dr. Matthai.*—If you had a motor lorry how much of your output could you possibly sell to retail dealers in Bombay?

*Mr. Kadar.*—100 to 150 gross per day.

*Dr. Matthai.*—If you had say a Ford lorry at take these 150 gross of matches to the retail shops what would it cost per day for transportation?

*Mr. Kadar.*—About 3 annas per gross.

*President.*—I want to be clear about your position. Would you continue very much longer if you did not get more than Rs. 1-2-6 nett?

*Mr. Kadar.*—No, not for any very long period.

*President.*—I want to know whether with Rs. 1-2-6 you would be able to carry on?

*Mr. Kadar.*—Yes, if the price of raw material does not go up.

*President.*—If the price of raw materials go up it will affect everybody.

*Mr. Kadar.*—That is so.

*President.*—Do you find the price of Rs. 1-2-6 sufficiently remunerative?

*Mr. Kadar.*—It is not sufficient.

*President.*—Do you not expect to bring down your costs?

*Mr. Kadar.*—We cannot at present reduce the labour costs but by and by we hope to be able to reduce our labour costs, but it will take at least two or three years.

*President.*—And then what reduction would you expect to make?

*Mr. Kadar.*—Rs. 10 to Rs. 15 per case.

*Mr. Mathias.*—That will come to 1½ annas to 2 annas per gross. We were told yesterday that it should be possible in the course of the next two or three years, with the improvement in labour by installing machinery and effecting such other economies as are possible, to produce satisfactory matches of half size in India at about 12 annas per gross. Have you any comments to make on that?

*Mr. Kadar.*—If the railway authorities give us facilities in the matter of freight on match wood, then we can do that. There are certain kinds of match wood in Kashmir and in the Punjab for making splints which we can bring down at a lower cost if the freight is reduced.

*Mr. Mathias.*—It was stated that if the railway authorities were to give the same concession to the Santa Cruz Match Company in the course of the next two or three years they would be able to reduce their costs very much further.

*Mr. Kadar.*—We can reduce our price to 11 annas if we are given facilities in the matter of freight.

*President.*—Is this "Three Ramphal" your first quality?

*Mr. Kadar.*—Yes.

*President.*—Is this made out of aspen splints?

*Mr. Kadar.*—Yes.

*President.*—Is this 'Mary' brand also your first quality?

*Mr. Kadar.*—Yes.

*President.*—And this 'Dawood Pasha' is made entirely out of Indian wood, is it not?

*Mr. Kadar.*—Yes.

*President.*—Are your matches all impregnated?

*Mr. Kadar.*—The "Three Cocoanut" brand is the only kind that is impregnated.

*President.*—Is there any difference in the price?

*Mr. Kadar.*—We charge 3 pies or  $\frac{1}{4}$  anna more for the Impregnated.

*President.*—Is this your best brand?

*Mr. Kadar.*—Yes.

*President.*—And for that you get only a pice more?

*Mr. Kadar.*—Yes.

*President.*—You depend upon your commission agents, I take it, to push your labels in the market?

*Mr. Kadar.*—Yes.

*President.*—They tell you to adopt a particular label and you adopt it?

*Mr. Kadar.*—Sometimes it happens like that.

*President.*—Was this "Three cocoanut" label suggested to you by your commission agent?

*Mr. Kadar.*—No, it was our own idea.

*President.*—Has it been taken up by your commission agents.

*Mr. Kadar.*—Yes.

*President.*—Which of these labels were suggested by your commission agents?

*Mr. Kadar.*—"Mary" brand was suggested by them.

*President.*—Has it got a good sale in the market?

*Mr. Kadar.*—It is a new brand.

*President.*—How many brands have you got altogether?

*Mr. Kadar.*—Seven in all.

*President.*—How many qualities have you?

*Mr. Kadar.*—Two qualities.

*Mr. Mathias.*—Where do you sell your impregnated matches most?

*Mr. Kadar.*—In Berar and in Gujrat.



## The National Match Works, Ghatkopar, Bombay.

*Letter, dated 3rd April 1927.*

As desired by your honour in your letter, dated the 7th March 1927, we beg to submit herewith 7 copies of answers from us to the questionnaire sent to us. We hope you will find the same in required form and order.

### *Replies to questionnaire.*

- The factory was started in April 1923. It is a private concern.
2. The capital and management all Indian. No Europeans employed.
  3. Everything is manufactured in our factory.
  4. The factory commenced working from 1st January 1925.
  5. 700 (seven hundred) gross.
  6. Half size sticks 55—65.
  7. 1923—67,500 gross. 1924—50,000 gross. 1925—72,500 gross. 1926—132,500 gross.
  8. Ghatkopar, Great Indian Peninsula Railway.
    - (a) Yes.
    - (b) Yes.
    - (c) Yes.
    - (d) Ample labour available.
  - Market, Railway, Seaport and Wood.
  9. (a) Not inferior.
  - (b) No such feeling prevails.
  - (c) Only two pies per box.
  10. (a) For splints only.
  - (b) No importation.
  - (c) No importation.
  - (1) Rs. 87-13-0 per ton of 50 c. ft. f.o.b. price.
  - (2) From Kobe.
  - (3) Rs. 57-14-0 Freight Insurance and Commission per ton of 50 c. ft.
  - (4) Rs. 2-10-0 per ton landing charges.
  - (5) Rs. 7 per ton Transport charges to factory.
  - (6) Rs. 21-10-0 per ton.
  11. (a) Savar (*Bombax Malabaricum*).
  - (b) Savar (*Bombax Malabaricum*), Mango, Googar (*Boswellia Serata*).
  - (c) Old planks of Deodar.
  12. Indian woods equally satisfied the demand except in splints only, but the silver fir wood can satisfy in all respects.
  13. (a) 255 tons.
  - (b) 357 tons.
  14. 9 cubic feet.
  15. Cases made up for 100 gross as well as for 50 gross, sizes as under :—
 

100 gross— $30\frac{1}{2}'' \times 29'' \times 34\frac{1}{2}''$ .

50 gross— $32'' \times 23\frac{1}{4}'' \times 21\frac{1}{2}''$ .
  - Old planks utilized in making cases.
  16. From Japan as well as Thana Forest, Bassein, Daman, Janjira, Chhota Udeipur, from places varying from 12 miles to 400 miles.
  17. Through contractors.
  18. No direct dealings.
  19. No direct dealings.

20. No concession.

21. Not sufficient nor current throughout the year. After lapse of some time, worms get into certain kinds of wood.

22. Cannot get sufficient through the year at near places.

(a) and (b) Foreign factory at Ambernath procures all possible wood from near forests as well as from big contractors and pays heavy rates for the wood with a view to starve Indian factories.

23. From Ratnagiri and Janjira and Chhota Udeipur. In 1925 we had to import 25 tons from Ratnagiri and 25 tons from Janjira. In 1926 we had to import 20 tons from Chhota Udeipur, Janjira 30 tons, and Belapur 15 tons. All delivery at factory and costing at Rs. 15 per ton more.

24. No.

25. Railway give concession by charging matchwood as "Fuel." But Kashmir produces very nice and useful matchwood which can very well compete with foreign wood, but the distance being a very great one, the Railway freight becomes prohibitive, and consequently we are not able to try it. If Government can see their way to get us wood from Kashmir districts and Punjab at reasonable prices it will be a helping hand to the match industry. The distance between Japan and Bombay is about 7,000 miles and the wood from there pays only Rs. 20 to Rs. 22 per ton as freight. If Government can make the superior matchwood produced in Punjab and other forests, to be imported in this province at comparatively low freight then the Government can be assured of the best sale of their forest woods and the industry will receive the necessary encouragement also.

26.

#### Chemicals.

	1925. Lbs.	1926. Lbs.
Potash of Chlorate . . . . .	10,150	18,550
Sulphur . . . . .	906	1,656
Manganese Dioxide . . . . .	1,315	2,400
Potash Bi-Chromate . . . . .	453	828
Iron Oxide . . . . .	1,269	2,319
Kissel . . . . .	860	1,575
Glass Powder . . . . .	860	1,575
Amorphous Phosphorus . . . . .	500	915
Sulphide of Antimony . . . . .	600	1,100
Zinc Oxide . . . . .	225	415
Chalk . . . . .	45	83
Glue . . . . .	2,175	4,000
Papers--		
Green . . . . .	3,625	6,625
Blue . . . . .	5,500	10,000
Brown . . . . .	2,175	3,975
Farina . . . . .	896	1,680
Paraffin Wax . . . . .	8,700	15,900
Turpentine paper . . . . .	.....	.....
Zinc Sheets . . . . .	.....	1 ton.
Nails . . . . .	5 cwt.	8 cwt.
Labels . . . . .	15,950,000	29,150,000

27.

	Lbs. oz.
Potash Chlorate . . . . .	14 0
Sulphur . . . . .	1 4
Manganese Dioxide . . . . .	1 13

	Lbs. oz.
Potash Bi-Chromate . . . . .	0 10
Iron Oxide . . . . .	1 12
Kissel . . . . .	1 3
Glass Powder . . . . .	1 3
Amorphous Phosphorus . . . . .	0 11
Sulphide of Antimony . . . . .	0 13
Zinc Oxide . . . . .	0 5
Papers—	
Green . . . . .	5 0
Blue . . . . .	8 0
Brown . . . . .	3 0
Farina . . . . .	1 4
Paraffin Wax . . . . .	12 0
Zinc Sheet . . . . .	6 0
Nails . . . . .	0 8
Labels . . . . .	22,000 only.
Chalk . . . . .	0 1
Glue . . . . .	3 0

28. (a) All are imported from foreign countries except labels and Paraffin Wax.

(b) Labels only.

(c) Nil.

Chemicals.	1 Country of origin.	2 F. O. B. Price.	3 Port of Ship- ment.	4 Freight Insur- ance.	5 Landing charges.	6 Trans- port to Factory charges.	7 Customs duty.
Potash Chlorate . . . . .		Germany. Buy from Bombay Market.					
Sulphur . . . . .	Japan	Yen 10'50	Kobe	3'95 per cask.	12 ans. per cask.	½ per cask.	Free
Manganese Dioxide . . . . .	"	6'50	"	8'00 per cask.	"	"	15%
Potash Bi-Chromate . . . . .		Buy from Bombay Market.					
Iron Oxide . . . . .	Japan	5'00	Kobe	8'00	12 ans.	½ per cask	15%
Kissel . . . . .	"	3'30	"	3'95	"	"	15%
Glass Powder . . . . .	"	3'60	"	3'95	"	"	15%
Amorphous Phosphorus . . . . .	Ger- many	£175 Yen	Gothen- berg.	...	"	Rs. 3 per cask	15%
Sulphide of Antimony . . . . .	Japan	44'00	Kobe	2'00	9 ans.	Rs. 1	15%
Zinc Oxide . . . . .		Buy from Bombay Market.					
Chalk . . . . .			"	"	"		
Paraffin Wax . . . . .			"	"	"		
Turpentine Paper . . . . .			"	"	"		
Zinc Sheets . . . . .			"	"	"		
Nails . . . . .			"	"	"		

(b) (2) There is no market price for labels but only printing charges.

(c) (3) Nil.

29. Manganese Dioxide.

Iron Oxide, Paper, Glue.

Manganese Dioxide and Iron Oxide are being manufactured and tried on the Calcutta side.

*Paper.*—There are factories to manufacture paper. But they are not so developed as to meet the demands of match industry. But in future the match qualities of paper may be taken up and manufactured in India.

*Glue.*—Ahmedabad is trying it and if the manufacturer receive helping hands, he will improve the quality and may be able to compete.

#### *Labour.*

30. No.

31. None.

32. No outsider.

33. We have all Indian trained men and non-trained are being trained at the same time.

34. Total 150 persons. 75 women, 60 men and 15 boys.

35. All hands living round about factory.

36. Indian labour can be trained; and we have such trained men working in our factory.

37. Our labour resides in houses hired by themselves, as they used to do before being employed with us.

38. Crude oil engine is working.

39. No electric power is used.

40. No steam power is used.

41. No power used. Only 2½ gallons of crude oil.

42. No coal used, crude oil used as fuel is brought from Bombay and is available at Rs. 65 per ton. Transport charges 8 annas per drum of 40 gallons.

43. Waste also used for heating purposes.

44. About two crores of gross matches.

45. See question 47 below.

46. Our markets are principally Gujrat, Kathiawar, Marwar, Rajputana, Karachi and Sindh, and North-Eastern section as well as South-Eastern Section of the Great Indian Peninsula Railway.

47. Gujrat and Kathiawar consume about 20,000 cases per annum. Gujrat alone is a chief market and has no port of its own. But foreign matches find their way from Kathiawar ports such as Jamnagar, Bedi Bunder and Bhavnagar ports. The said matches are sent by transshipment from Bombay, Karachi and other Indian ports. These foreign matches either pay very little duty or escape full duty and are being sold at very low prices compared to prices which should actually be chargeable. A gross of matches purchased at Bombay, say, at 15 annas without duty will be saleable in Gujrat after paying duty and other reasonable charges at Rs. 2-10, whereas the actual price obtaining there is only Rs. 2 or Rs. 2-1. These low prices create serious considerations in the minds of the people.

48. Out of two crores of gross matches consumed in India, it is presumed that 50 per cent. are imported from out of India, Sweden, etc., and out of the balance of 1 crore, nearly 40 lacs of gross of matches are manufactured by Swedish Syndicate, Ambarnath, with foreign capital, and the remaining 50 lacs only are manufactured by the Indian factories working with Indian capital.

49. Swedish manufacture.

50. Compete with both.

51. (1) 1922-26 from 1s. to 1s. 1d. c.i.f.

(2) Imported foreign sticks, Indian made, 1923, from Rs. 2-1-0 to Rs. 2.  
 Imported foreign sticks, Indian made, 1924, from Re. 1-14-0 to Re. 1-11-6.  
 Imported foreign wood and Indian made, 1925, from Re. 1-11-6 to Re. 1-11-0.  
 Imported foreign wood and Indian made, 1926, from Re. 1-11-0 to Re. 1-5-6.  
 If the *Indian veneers* be used the price will be reduced by half an anna per gross.

But if *Indian veneers and sticks* be used the price will be less by 2 annas per gross from the above prices.

52. Volkart Brothers and Forbes, Forbes, Campbell & Co.

53. Refer to reply to question No. 51 above.

54. It is quite plain that Indian manufacturers are at a greater disadvantage than the foreign manufacturers in the items mentioned in this question.

(a) Have to pay heavy cost for plant and machinery as the selling price here includes freight insurance, landing charges, duty and many other sundry charges which later charges are saved to the foreign manufacturers.

(b) We get no such skilled labour as in foreign countries.

(c) Charges incurred in collecting and transporting materials.

(e) Storing charges.

(H) Duty on import is levied on importation of all materials including even machinery, parts thereof, and even raw materials such as wood.

54. (1) Raising capital—as this industry has been started only lately and as it does not receive all the helping hand from Government and as all machinery and even parts thereof and all raw materials including even raw wood are made to pay heavy importation duty and it being not certain how long the protection of import duty on foreign matches will continue. Owing to all these circumstances, the investors feel rather backward to invest their money. They do not see their way clear for investment and rather hesitate. If protection of import duty on matches, viz., Re. 1-8 per gross, is assured for sufficiently long time and if duty is cancelled over raw materials, many investors will come forward and make money easy for the factory purposes which will make the business cheaper.

55. (a) Is permanent.

(b) Temporary as men can be trained in course of time.

(H) Permanent or Temporary as Government decides.

(I) Permanent or Temporary according to the encouragement from Government.

56. Our machinery is of ordinary size. A machine to give an output of, say, 1,000 gross per day will be found economical.

57. About thirty per cent. spent on plant and machinery.

58. (a) Plant—

One corrugated iron shed.

Three temporary sheds.

One bungalow.

One small chawl of 3 rooms.

Machinery—

1 Levelling machine for splints. Working date April 1923.

2 Emptying machines. Working date April 1923.

2 Frame Filling machines. Working date April 1923.

1 Dipping machine. Working date April 1923.

1 Labelling machine. Working date April 1923.

- 2 Peeling machines. Working date 29th May 1925.
- 1 Scoring machine. Working date 29th May 1925.
- 1 Splint chopping machine. Working date 29th May 1925.
- 1 Veneer cutting machine. Working date 29th May 1925.
- 2 Splint cleaning machines. Working date August 1925.
- 1 Sawing machine. Working date 1st January 1927.
- 1 Oil Engine. Working date 29th May 1925.

All the above Japan make, except sawing machine which is of Indian make and the oil engine being of British make.

- 58. (B) No private arrangement.
- 59. (A) Not fully up-to-date.
- 59. (B) Box making done by manual labour.

Hand made will cost about Rs. 13-2 per 100 gross when machine made will cost only Rs. 1-8 to Rs. 1-10 per 100 gross.

60. Do intend making additions and alterations as well as extending the machinery but there being no assurance as to whether how long the protection of import duty now in existence will continue. And secondly as we have to face the efforts of the Swedish Syndicate of Ambarnath and Calcutta who are reported to be always on the alert to cause the breakdown of Indian Match Industry and who are always trying to secure the world industry and if Government does not interfere in the matter, we as well as many other capitalists hesitate to invest further sums in this industry.

61. Many parts of our machinery are such as can be made in Bombay.

- 62. (a) Nil.
- (b) Nil.
- (c) Rs. 4,000.
- (d) Rs. 12,800.
- (e) Nil.

63. The above figures shown are less deterioration to the extent of only 10 per cent.

64. Nil.

65. (a) Rs. 3,000.

(b) The plant and machinery as ours will cost at least to a new man about Rs. 20,000.

66. Machinery Yen and the same at  $\left\{ \begin{array}{l} 2,992 \text{ Yen at 116.} \\ 565 \text{ ,, ,, 125 Oil engine Rs. 6,200} \\ 2,200 \text{ ,, ,, 112.} \end{array} \right.$  (Bought locally).

67. Ours is a private concern.

68. Private concern.

69. Private concern.

70. Private concern.

71. Private concern.

72. Nil.

73. No Reserve Fund.

74. One lakh. Provided we are assured of the guarantee and protection asked for in reply to question in 60.

75. Forms filled and attached.

76. See reply to above question.

77. Nil.

78. No.

79. Six per cent. This rate is too low. Should be at least 20 per cent.

80. Very little time has passed since we started our factory.

81. According to present output about Rs. 30,000. According to present full capacity about Rs. 45,000.

82. At times we do take loans, about Rs. 5,000.

83. At times we do take loans, about Rs. 5,000.

84. Our monthly output about 125 cases and cost thereof at Rs. 115 comes to Rs. 14,000.

85. At times we have to keep a stock of at least one hundred cases and over and at times we cannot keep stock and live from hand to mouth.

The money of sold goods is returned within 15 to 20 days after sale.

86. At times we have to keep a stock of raw materials of about Rs. 5,000 to Rs. 10,000.

87, 88, 89 and 90. No.

91. No shares.

92 and 93. No.

94. Yes.

*Wood.*—The chief raw material in the manufacture of matches is wood, which is available in abundance in Burma, Cashmere and Indian Forests. If some of the factories have to rely upon imported wood it is because of lack of proper development of Forest resources. Further we believe that if Government make careful research, wood for splints which should invariably be white, would be available in India and it is for the Government of India in the interest of Industry and the Forest Revenue to do their best to find out such white wood and further to arrange for cheap railway freight, as the cost of carriage is the chief factor, but until that is done, the import of logs should not be handicapped. The Indian Manufacturer wants to get rid of foreign wood, but he being not able to do anything in the matter looks up to Government to take up the research work in full seriousness and to arrange for cheap transport and freight charges.

The second condition of Fiscal Commission is that the "Industry must be one which without the help of protection is not likely to develop or is not likely to develop so rapidly as is desired in the interest of the country." We confidently believe in the protection for some years until the foreign capitalists are made to go out of India, because these foreign capitalists are trying all their means to uproot the Indian manufacture and secure the world industry. It is believed that in Japan they tried similar tactics and the Government of Japan seeing that their Match industry was being destroyed, a Bill was introduced in the Japanese Diet prohibiting the imports of foreign capital for Industrial concerns of Japan. Similar steps are recommended for Indian Industries also without which the match and other local industries which are in their infancy will not be able to stand and will die in the bud.

95. (A) Yes.

95. (B) Yes.

96. Yes.

97. (A) Rs. 1-8-0 per gross Customs duty on imported matches.

97. (B) Foreign manufacturers of matches have not to pay any railway freight for bringing their raw materials from far off places to their factories whereas here in India the manufacturers have to find out the wood suitable for their industry and after that pay heavy railway freight for carriage thereof.

98 and 99. (1) The present customs duty must continue.

(2) Further cheap railway freight should be arranged from Cashmere, Punjab and other places.

(3) Foreign capital should not be allowed to be imported for match industry and other local industries.

(4) No unfair competition and no steps as are said to be adopted by Svenska Trust controlled by large capitalists of Swedish Syndicate should be allowed. Their aim is to control the match production of the world and to sell their own made matches at a heavy profit where there is no competition. They tried and succeeded in driving even Japanese competition from India by dumping sales with a result that they were able to starve a number of Japanese factories which had eventually to submit to the Trust and thus they eliminated Japanese competition. The Indian Industry is only in its infancy and strongly requires leading strings and great help in every respect from the Government. If the Government overlooks, then foreigners will surely dump the industry so that it will never be able to rise again, and foreigners will profit thereby. We earnestly warn Government against this foreign danger and request them to either take such steps as Japan did under similar circumstances, or to charge at least As. 8 per gross excise duty on matches manufactured in India with foreign capital.

FORM NO. 1.

Question No. 75.

*Details of work cost of the last four years.*

	1922-23.	1923-24.	1924-25	1925-26.
	Rs.	Rs.	Rs.	Rs.
1. Cost of wood for splints and veneers . . . . .	...	...	29,000	42,400
2. Cost of paper . . . . .	...	...	6,887	11,925
3. Cost of chemicals . . . . .	...	...	7,068	11,925
4. Cost of other raw materials . . . . .	...	...	226	420
5. Factory labour . . . . .	...	...	36,250	50,350
6. Power and fuel . . . . .	...	...	181	331
7. Ordinary running charges for repairs, etc., of plant, machinery, building, etc.	...	...	4,350	5,300
8. General work, supervision and charges for local office.	...	...	7,612	9,275
9. Sundry charges such as Municipal tax, rent, etc.	...	...	11,600	13,250
10. Cost of packing cases . . . . .	...	...	4,712	7,287
Total . . . . .	...	...	1,07,886	1,52,463
Quantity of output of matches during each year. Cases.	..	...	725	1,325



FORM No. 2.

Question No. 75.

*Cost of one Gross of Matches.*

	1922-23.	1923-24.	1924-25.	1925-26.
	Rs.	Rs.	Rs. A.	Rs. A.
1. Cost of wood for splints and veneers .	...	...	40 0	32 0
2. Cost of paper for labels and wrappers .	...	...	9 8	9 0
3. Cost of Chemicals " . . . . .	...	...	9 12	9 0
4. Cost of other raw materials . . . . .	...	...	0 5	0 5
5. Factory labour . . . . .	...	...	50 0	38 0 "
6. Power and fuel . . . . .	...	...	0 4	0 4
7. Running charges for machinery, plant, etc.	...	...	6 0	4 0
8. General work, supervision and charges for local office.	...	...	10 8	7 0
9. Miscellaneous charges, s.g., rent, municipal taxes, Insurance, etc.	...	...	16 0	10 0
10. Packing cases charges . . . . .	...	...	6 8	5 8
Total	...	...	148 13	115 1
Credit for materials . . . . .	...	...	..	...
Nett Total .	...	...	...	...
Quantity of output of matches for every year Cases.	...	...	725	1,325

## SUPPLEMENTARY STATEMENT.

*Letter dated 23rd February 1928.*

We are in receipt of your letter, dated 20th February 1928, and have noted its contents.

We are herewith supplying you duly filled Form 2 and your question No. 10\* and also reports of our daily wages and piece work per case of 100 gross Safety matches.

Enclosure No. 1.

FORM No. 2.

*Cost of one gross of matches in decimal rupees.*

Serial No.	1926-27.
1. Cost of wood for splints and veneers . . . . .	0.30
2. Cost of paper labels and wrappers . . . . .	0.09
3. Cost of Chemicals . . . . .	0.09
4. Cost of other raw materials . . . . .	0.04
5. Factory labour . . . . .	0.34
6. Power and fuel . . . . .	0.0050
7. Ordinary current repairs and maintenance of buildings, plant and machinery . . . . .	0.0475
8. General services, supervision and local office charges . . . . .	0.0350
9. Miscellaneous, e.g., rent, Municipal taxes, Insurance, etc. . . . .	0.0450
10. Cost of packing cases . . . . .	0.0550
TOTAL	1.0475

Total production of matches from January to October 1927—cases 1900.

Enclosure No. 2.

*Report of daily wages and piece work per case of 100 gross.*

	1926.		1927.	
	Rs.	As.	Rs.	As.
Daily wages . . . . .	11	8	11	8
Piece work . . . . .	26	8	22	8
	38	0	34	0

\* Amalgamated with Replies to Questionnaire.

## THE NATIONAL MATCH WORKS.

B.—ORAL.

### **Evidence of Mr. A. G. SHOMIA representing the National Match Works recorded at Bombay on Tuesday, the 22nd November, 1927.**

*President.*—Mr. Shomia, you are appearing to-day as the representative of the National Match Works, Ghatkopar.

*Mr. Shomia.*—Yes.

*President.*—What is your connection with the National Match Works?

*Mr. Shomia.*—I am a partner in the National Match Works.

#### *Summary of the present position by the President.*

*President.*—Before proceeding with your examination I think it will be just as well for me to explain to you briefly the scope of the enquiry. When we opened our proceedings in Burma, we explained the main points to the manufacturers in Burma, but since then, as the enquiry has proceeded, several other points have arisen, and it seems to me that, in order to direct the enquiry into proper channels, you should understand how far the enquiry has proceeded and what these new points are. Under the terms of reference contained in the Resolution issued by the Government of India, we have first of all to enquire whether this industry is one which ought to be protected, that is to say whether it fulfils the three principal conditions laid down by the Fiscal Commission. I think you know what the conditions laid down by the Fiscal Commission are because we have mentioned them in our questionnaire. We shall have to satisfy ourselves that those conditions are substantially fulfilled. Then if we are satisfied that protection ought to be granted, we have to determine what form that protection should take. The general principle that we apply in determining the amount of protection is this. We first of all ascertain what we call the 'fair selling price' of the article manufactured in the country, that is to say, what price covers your fair works costs and overhead charges and leaves you a reasonable profit on your capital investment. Having ascertained that, we have to ascertain the price at which the foreign article can be landed in India without duty. The difference between these two prices, with such adjustments as may be necessary to make, is ordinarily the measure of protection. It may take the form of a Customs duty, it may take the form of a bounty or it may take some other form. The difference between the two prices, subject to adjustments, is as I say, normally the measure of protection. In this aspect of the question the most important point of course is your works cost. For that reason we expect every applicant to give us the fullest information for publication so that the public may have an opportunity of judging for themselves whether your claim is reasonable or not. But besides this question of protection, there are other questions. This duty of Rs. 1-8-0 as you know, was levied by the Government purely for revenue purposes, and Government had not, at that time, laid down any policy as to whether this duty was to be treated as a protective duty at all. The duty, as you know was high and consequently led to the construction of several match factories in India. This in turn led to a greatly increased production of matches in the country and the Government revenue began gradually to diminish and if the industry continues to expand it is not impossible that it may vanish. Our terms of reference require us to consider whether the loss of revenue which is likely to result from the expansion of the Indian industry can be made up in whole or in part by any other appropriate form of taxation of the industry. You will, therefore, have to advise us as to what course we should suggest consistently with your own interest. There are many ways of safeguarding the revenue derived from matches and one of them is the levy of an excise duty. An excise duty of course means some administrative difficulty. There are two principal ways of collecting excise revenue. The first is to levy an excise duty by per-

mitting the manufacture of the article concerned only in what is called 'bond', that is to say, under Government supervision. That procedure, however, has its own difficulties where the factories are on such a small scale as some of them are here, especially as in some cases all the processes of manufacture are not carried on in the same premises, and we should like the views of the industry on the point as to how far manufacture in bond may be a satisfactory solution of this problem.

Then there is another method, that is that every box of matches sold in the country should bear an adhesive stamp. The manufacturer will arrange to buy these stamps at such places as the Government may determine. Whether this would be feasible or not is a point which we have got to consider and one in regard to which we should like the assistance of the industry. But if we recommend this method of fixing stamps for indigenous matches, it would also be necessary to prescribe them for imported matches also for the obvious reason that if we did not, local matches may bear no labels and may be sold as imported matches without paying any revenue. Then again there are difficulties in connection with the procedure for supplying such labels to the foreign manufacturer. These are the general points as regards the levy of excise duty, but there are other ways in which Government can protect itself, one of them being to establish a Government monopoly of the article. A Government monopoly may take two forms. One of them is the manufacture and sale of matches by Government agency. There are many theoretical and practical objections to Government undertaking manufacture. An alternative system would be for Government to make over the manufacture to private undertakings, while retaining in its hands merely the sale of matches. If Government were to adopt this procedure, it would be necessary for the industry to tell us in what way Government could entrust the manufacture of matches to private agencies without creating other difficulties such as the possibility of favouritism and the like.

Then there is a third method, namely that matches may be manufactured by private agencies—we will call them manufacturers—and sold by another private agency. Thus a limited company may be formed under such conditions as Government may prescribe as regards its personnel, its character and so on, and Government can then say "matches may be manufactured by such and such manufacturers and this company is to purchase matches at such and such a price and sell them at a certain price, Government taking the difference between the two". The point to consider is, first of all whether it is a good system, to have these two private agencies, one for the manufacture of matches and the other for the sale of matches, both under the general control of Government as regards the price at which matches are to be purchased by the sales organization and the price at which the sales organization can sell the matches. It is also necessary to ascertain whether if such a proposal was made, any company would be forthcoming to undertake this business. It must be in as few hands as possible to yield good results. Apart from the question of general revenues, these methods which I have described to you have certain advantages and I would like you to consider whether they are sufficiently strong to justify the adoption of any such procedure. The first consideration is that to-day there are so many competing factories. The result is, as far as we can judge at present, that there is a big difference between the price at which factories sell matches at their works and the price at which matches are sold to the consumer, and consequently the consumer does not necessarily get the benefit of cheap production. But if there was one of these organizations at work, the consumer would have the chance of getting his matches at a lower price because there would be no unnecessary competition between small factories to secure the services of the middleman.

Then there is another question which is of importance and that is the quality of the matches. If there is this competition between factories, efficient and inefficient, and every body wants to sell his matches, one of the natural results must be that the quality of matches for the time being at any rate will deteriorate. But if there was Government control by means of a monopoly or by means of private organizations, then the quality can be maintained up to a certain level. At present, there is no guarantee that the

quality will be maintained except that the competition which exists will have the effect of eliminating the inefficient works and in that way quality may improve. But there is another aspect of the question which has a very close bearing on this. Allegations have been made by practically every company that the Swedish Match Company to-day is operating in this country with the intention of either acquiring a monopoly or a dominant interest in the industry. The operations of the Swedish Match Company in other parts of the world suggest that its general policy is either, as I say, to get, if it can, a monopoly by arrangement with Government of the country in which it operates, or to get a dominant interest by controlling the capital and by controlling the manufacture in that country, or by making what are called working arrangements between itself and the domestic manufacturers in that country. Now if any of these consequences were to follow in India, that is to say, if the Swedish Match Company were to acquire a monopoly or if it were to acquire a dominant control, or if it were to combine with the local manufacturers, then in that case—I am not at the moment expressing my opinion—it is possible that in course of time the price of matches to the consumer may be raised. The Government would not necessarily get more revenue but the consumer will have to pay a higher price. Supposing the Government and the country desired that these consequences should not follow, then some of the alternatives that I have suggested would require careful examination to see whether they might furnish a solution of the difficulty. Other proposals have been made to us as regards the Swedish Match Company, namely that Government should levy a special excise duty on foreign concerns. That point of course we shall consider but one of the difficulties is to be able to say with certainty that any company operating in this country is a foreign company. So far as the evidence in our possession suggests it certainly does not appear to be the policy of the Swedish Match Company, to create so to say, an entirely foreign monopoly in any country in which it carries on its business. It tries to get as much capital as it can from the country subject to its own ability to maintain its control; it also appoints Indian directors or directors of the nationality of the country in which it operates; it will obviously employ mainly local labour; it will also employ as many Indians as it reasonably can; it will also use Indian materials as far as possible. Under those conditions how can we say that it is necessarily a foreign company which has no business to be here unless it pays an extra excise duty. You remember, Government appointed what was called "The External Capital Committee" and that Committee reported that there was no practical solution to this question. It would be very difficult to devise any means to control the use of foreign capital. But now as the point has been raised by Indian match manufacturers we should like to be enlightened as to how to get over the difficulties.

There is one other point which is connected with this, namely that whatever system is adopted, in order to keep some control over the manufacture or in order to prevent over-production by factories being located in wrong places, it may be necessary for Government to license the erection of factories. For instance, in one place, you may have 50 factories but there may be no factory in another place where 10 factories may be required. The result is that where there are 50 factories there is too much competition and where there are no factories, matches are dear. For that reason we want to consider whether we should recommend a licence for the erection of factories and the manufacture of matches. What do you suggest should be the conditions under which a licence may be granted or withheld or even cancelled? I think these are the general points on which I should like not only the Indian manufacturers but the general commercial community to advise us. I shall now proceed with your examination on the questionnaire. Your factory was started in April 1923, was it not?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—You say in answer to question 4 that your factory commenced working in 1925 although it was started in 1923. I take it what you mean is that from 1923 till January, 1925 you were simply importing undipped splints and dipping them in your factory. Am I right?

*Mr. Shomia.*—That is so.

*President.*—And you found that a more profitable business for the time being?

*Mr. Shomia.*—It was not very profitable, even though it was in a small way.

*President.*—But it was only when the Government imposed a fairly heavy duty on splints that you started manufacturing splints and boxes in the country?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—At the time you started this factory your attention was called, was it not, to the statement of Sir Charles Innes in the Council of State in 1924 in which he foreshadowed the possibility of taxation of the industry manufacturing matches from imported logs?

*Mr. Shomia.*—No. The thing is that when the duty was 7½ per cent. or 10 per cent. it was not found possible to do it, but when the duty was raised to 12 annas, then it was found possible to start the industry in India.

*Mr. Mathias.*—My point is this. In 1924 Sir Charles Innes in the Council of State referred to the fact that splints were being imported and dipped in India thereby affecting the enhanced duty on matches. He stated that now that a duty had been imposed on imported splints, it was the intention of the manufacturers to import aspen in the log and manufacture matches in India. At that time while not proposing any taxation, he definitely stated that the industry might in future be liable to taxation. That statement must have been before the National Match Factory at the time they started manufacturing from imported logs. They must have started the factory knowing that in future they might be liable to taxation.

*Mr. Shomia.*—We had no idea of that.

*Dr. Matthai.*—At the time you were importing undipped splints, in 1923-24, what did these splints cost you c.i.f.?

*Mr. Shomia.*—I will let you have these figures later.

*President.*—Will you also tell us how many lbs. of matches you can make out of a lb. of splints, that is to say, supposing you took 100 gross of matches, how much would the veneer weigh for the boxes and how much would the splints weigh?

*Mr. Shomia.*—I will let you have that information. On consideration I should say one gross of empty boxes would be approximately one lb. and splints 115 lbs. for 100 gross of matches.

*Dr. Matthai.*—Are you speaking of aspen splints?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—When you speak of veneers are you speaking of imported wood or Indian wood?

*Mr. Shomia.*—That is aspen ready made boxes.

*President.*—That is to say you were importing ready made boxes and splints and also imported chemicals for dipping. You made the solution here, filled the boxes and sold them as matches of your manufacture?

*Mr. Shomia.*—That is correct.

#### *Stages of manufacture.*

*President.*—Now, as regards your factory I want to understand exactly which processes you carry out by machinery and which by hand. We will take the principal stages. Take the cutting of the logs; that is the first stage. That I take it is done by machinery, or is it done by hand?

*Mr. Shomia.*—At present we are using a power driven saw but formerly we were cutting the logs by hand.

*President.*—The removing of the bark is done by hand, is it?

*Mr. Shomia.*—Yes.

*President.*—Then the cutting of the veneers for boxes?

*Mr. Shomia.*—That is done by machine.

*President.*—And the scoring is also done by machine?

*Mr. Shomia.*—Yes.

*President.*—The splints are also cut by machine?

*Mr. Shomia.*—Yes.

*President.*—After that stage practically everything is done by hand?

*Mr. Shomia.*—That is so.

*Dr. Matthai.*—You do the peeling, the chopping and the scoring by machine and the rest is done by hand?

*Mr. Shomia.*—Yes.

*President.*—You use the filling frame but that also is operated by hand?

*Mr. Shomia.*—Yes.

*President.*—I take it that such machinery as you have got is Japanese?

*Mr. Shomia.*—Yes.

*President.*—Why did you buy this machinery, on the advice of Japanese experts?

*Mr. Shomia.*—I had business in Japan and I knew that such machinery was being used in Japan for match manufacture, and I had had correspondence with the manufacturers in Japan on the subject since 1922.

*President.*—Do you see any disadvantage in this method of manufacture as compared with factories where all the processes are practically performed by machinery?

*Mr. Shomia.*—The costs would be higher to a certain extent, and then these machines do not require any experts and at the time I had no idea of incurring extra expenditure on that account.

*President.*—How can you say that when you have no experience of the other?

*Mr. Shomia.*—I had an opportunity to see one of the factories working at Calcutta and also one at Ahmedabad.

*President.*—It may be that these are initial difficulties merely but match machinery does not seem to be so very intricate that these difficulties should persist for ever.

*Mr. Shomia.*—I was given to understand that there was always some kind of difficulty in this machinery.

*President.*—Is not the idea rather this that you have in your mind that you can get very cheap labour in this country and you felt that so long as you could get cheap labour it was better to make use of that labour rather than use machinery?

*Mr. Shomia.*—That was also one of the ideas.

*President.*—But did you take into account the fact that the wages of labour may go up or that better equipped factories may be started which may be able to produce matches more cheaply than you can?

*Mr. Shomia.*—I was under the impression at that time that wages could be brought down.

*President.*—Do you think that you can reduce the wages still further?

*Mr. Shomia.*—I don't think I can.

#### *Uncertainty of a revenue duty.*

*Mr. Mathias.*—A revenue duty is an uncertain duty; it may be changed from time to time. That being so, was there any unwillingness on the part of the directors of the National Match Works to invest a large sum of capital in a factory, the market for the products of which might disappear with any alteration of the revenue duty.

*Mr. Shomia.*—We were of the opinion that there might be a change in the duty.

*Mr. Mathias.*—If this duty were made a protective duty, is it the intention of the directors of this company to perform the operations now conducted by hand, by machinery?

*Mr. Shomia.*—My view is that it is advantageous to work by hand.

*Mr. Mathias.*—Even though it may be more expensive?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—What is the advantage in working by hand?

*Mr. Shomia.*—A lot of wastage can be avoided which would otherwise occur if the operations are carried out by machinery.

*Mr. Mathias.*—And that wastage makes up for the additional cost of wages as against running a factory by machinery?

*Mr. Shomia.*—Wages being cheaper I am of opinion that it is more advantageous to work by hand.

*Mr. Mathias.*—So that you are of the opinion that the hand-made match industry would be able to maintain itself as against machine-made match industry?

*Mr. Shomia.*—I am of the opinion that as labour becomes more efficient, the industry will be able to maintain itself.

*Mr. Mathias.*—And you would not advocate any differentiation between the industry which manufactures matches by machinery and the semi-cottage industry which manufactures matches by hand?

*Mr. Shomia.*—I think that by working as a semi-cottage industry we are giving employment to more labour.

*Mr. Mathias.*—Since as you say the manufacture of matches by hand is on the whole as cheap or even cheaper owing to the avoidance of wastage than the manufacture of matches by machinery, in your opinion there is no economic reason for differentiating between these two forms of manufacture, for example in the matter of excise?

*Mr. Shomia.*—I am of opinion that it would be preferable to work by hand rather than by machinery.

#### *Manual labour v. machinery.*

*President.*—Do you seriously suggest that manual labour can reasonably expect to compete against machinery in course of time?

*Mr. Shomia.*—I don't think it can.

*Dr. Matthai.*—I should like you to take box making as an example of the work in which you can use either machinery or hand. In your answer to question 59 you give us the difference between the cost of making boxes by hand and by machine as nearly Rs. 11 to Rs. 12.

*Mr. Shomia.*—From the latest information that I have I am of opinion that there would be a difference of Rs. 2 to Rs. 3 because the wages have gone down and the workmen have become more efficient. In the case of machinery there is more wastage.

*Dr. Matthai.*—On the other hand if your workmen had been working on the box making machine for two or three years their experience would have prevented the wastage, would it not?

*Mr. Shomia.*—The wastage is more because the Indian wood is not suitable to be worked on by machinery.

*Dr. Matthai.*—In answer to my colleague you said that the great disadvantage of the machinery was that you had more wastage, when you did the work by machine. Now what I am suggesting to you is that if your labour were a little more experienced in working the machines, the wastage would necessarily be reduced.

*Mr. Shomia.*—The match machines are very intricate.

*President.*—I want you to understand this point very carefully. You say that it is better to manufacture matches by hand because it gives employment to more people. That is one of your points.



*Mr. Shomia.*—Yes.

*President.*—But on that principle you might say that it would be advantageous instead of having tramways worked by electricity to have coolies to push the cars because it would give employment to more labour. But obviously that would cost more, would it not?

*Mr. Shomia.*—That is so.

*President.*—In this case also obviously hand labour must, in the long run, assuming that machinery works successfully, cost more than machinery. The point is this. You suggest that in order to give employment to a few more people the consumer must pay more for his matches, even if the cost of production goes up. That is your point. I don't want you to commit yourself without understanding the question. If we are satisfied that it is more economical to manufacture matches on a large scale by machinery, than by means of manual labour, and if we are to base our recommendations upon the cost of production as we derive them from an examination of the cost of matches manufactured by machinery, will you be satisfied as the owner of a factory which employs manual labour?

*Mr. Shomia.*—The manufacture of matches by hand is undoubtedly more expensive.

*President.*—Can we make two kinds of proposals to Government? Supposing we come to the conclusion—I am expressing no opinion at the moment and I want you to advise us—that a factory should manufacture on a large scale, say 7,000 or 8,000 gross a day, the whole process of manufacture being carried on by machinery, and then we go into the cost of manufacture and say “these are the costs”. Then we add the usual charges for depreciation, commission, selling charges, manufacturers' profit and various other things and say that matches manufactured in this country on this footing can be sold at such and such a price. You said just now that these costs will be lower than your costs because you are manufacturing matches not by machinery but very largely by manual labour. We cannot say you should get under our scheme a higher price than the man who manufactures matches by machinery. If we say “this gentleman gives employment to so many thousands of people who would otherwise be thrown out of employment” and we fix a fair selling price on your basis, that is to say we give 2 annas per gross more, what happens? At once the factory which produces on a large scale gets 2 annas in excess of its requirements. The result is, that for the time being, it makes excessive profits which is also against our principle, and that will lead to the erection of more factories on a large scale. The result would then be that these smaller factories which employ manual labour must disappear. What is your answer to that?

*Mr. Shomia.*—It is cheaper to work by machinery than by manual labour.

*President.*—And therefore matches can be manufactured and sold more cheaply?

*Mr. Shomia.*—Yes.

*President.*—Supposing, for the sake of argument, we took this view that matches should be manufactured on a large scale then you go out at once.

*Mr. Shomia.*—I can also turn out more matches, but the difficulty is in selling them.

*President.*—Let me put it this way. Supposing for the sake of illustration matches manufactured by machinery on a large scale can be sold in the market at Rs. 1-2-0 per gross whereas if they were manufactured by your method you cannot afford to sell them for less than Rs. 1-4-0. If we are to make our recommendation on the footing of Rs. 1-2-0, you go out at once. If, on the other hand, we are to make our recommendation on your basis, of Rs. 1-4-0, what happens is that those who ought to get Rs. 1-2-0 will get Rs. 1-4-0 and consequently more men will come to manufacture matches on a large scale to get the 2 annas extra and eventually you must go out. Protection won't help you against internal competition. Should we be justified in making our recommendation on the footing that the fair selling price is Rs. 1-2-0 when your costs are really Rs. 1-4-0 to-day?

*Mr. Shomia.*—I will be satisfied with that.

*President.*—That is to say, though you know that your costs are higher to-day protection won't help you in a case where competition is internal. What I want you to answer is, is the Board in making its recommendation to proceed on the cost of the most efficient plant or upon the cost of the least efficient plant or on the average cost of the two? Supposing for the sake of argument we assumed that the Western India Match Company was the most efficient; that it stood the best chance of producing the cheapest matches in the country and then we said "this is the price at which they can manufacture and sell at a profit in the market", will the smaller factories, of which you are one, be satisfied?

*Mr. Shomia.*—No; we will have to close down.

*President.*—In other words you suggest that even if the price of matches goes up these smaller factories should be kept alive, but you are not suggesting any method by which we can keep you alive.

*Mr. Shomia.*—If they are to work on a big scale we will have to close down.

*Dr. Matthai.*—Your actual output last year was about 400 gross a day?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Supposing you are now in a position to raise your output from 400 gross a day to say 2,000 gross a day, in that case it would be more advantageous for you to use machinery than hand; am I right?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Because you can spread the depreciation charges over larger output.

*Mr. Shomia.*—That is so.

*Dr. Matthai.*—Suppose the Tariff Board recommended and the Government decided to grant protection to the match industry for, say, 10 years, then you would consider the possibility of raising your output from 400 to 2,000 or 2,500 gross a day, would you not?

*Mr. Shomia.*—It would be possible to raise the output, but I am afraid the output will then be more than the consumption.

*Dr. Matthai.*—At present we are getting 6 million gross of matches imported into India from outside. There is the whole of that market which can be captured by the Indian factories. So that there would not be any insuperable difficulty with regard to finding a market for the increased production by Indian factories.

*Mr. Shomia.*—Quite so.

*Dr. Matthai.*—What I am suggesting is supposing the Match Industry is protected and as a result of that you consider the possibility of increasing your output, then you would be in a position to go in for machinery and drop your present method of manufacture by manual labour.

*Mr. Shomia.*—To a certain extent we will take to machinery.

*Dr. Matthai.*—If you did that, as the President suggested, supposing we fixed the fair selling price for the Indian matches on the basis of the cost of the most efficient factories in India to-day and you got protection based on that cost, to the extent that you are able to increase your output as the result of protection, you would be able to carry on with any protection which may be considered sufficient for a factory which does its work by machinery.

*Mr. Shomia.*—If we work by machinery, it will be as you say.

*President.*—It is not a question of merely using more machines here and there; it is a question of having a larger unit of production altogether, one capable of producing say, 5,000 to 8,000 gross a day. If such factories came into competition against you what do you suggest should be done for you?

*Mr. Shomia.*—I should suggest an imposition of excise duty on those factories.

*President.*—You suggest that those people who are more efficient should be penalized in order that those who are less efficient should survive and continue to be less efficient. Can we as a Board put forward such a scheme?

*Mr. Shomia.*—It would benefit the industry.

*President.*—Do you seriously suggest that?

*Mr. Shomia.*—The ultimate result will be that we will have to close down our factory if we cannot compete.

*President.*—Supposing the Board came to the conclusion that it should derive its fair selling price upon the footing that the manufacture is carried on on a large scale . . .

*Mr. Shomia.*—If protection is fixed for a certain period in that case every factory would consider the possibility of increasing its capacity by introducing machinery.

*President.*—Take the total demand of the country at, say, 20 million gross. In order to have 20 million gross supposing we took a unit of, say, 5,000 gross a day which is not too big a unit for machine made matches—the ordinary unit is 5,000 to 8,000 gross a day—then there is room only for 10 to 12 factories in the country. You have got 13 factories in the Bombay Presidency alone of which only one has a very large unit of production, viz., the Western India Match Company, supposing for the moment the capital and everything of that Company is Indian, can you get away from the fact that if we were to make our recommendation on the basis of the most efficient factory eventually the manufacture must be confined to about a dozen factories in the country?

*Mr. Shomia.*—There ought to be, in my opinion, some differentiation between factories working under Indian management and those under foreign management and capital.

*President.*—At the beginning I explained to you the difficulty of saying whether a concern is foreign or not and we shall go into that question fully. Supposing we came to the conclusion that matches should be manufactured in this country as far as possible by Indian agency, in that case could you suggest any remedy which would prevent these smaller factories dying out?

*Mr. Shomia.*—In that case the smaller factories should have bounties.

*President.*—In order that they may run as inefficiently as they like! Can you seriously expect this Board to make that kind of recommendation?

*Mr. Shomia.*—In order to support the Indian industry these recommendations may be considered advisable.

*President.*—So far as you are concerned it seems that you have nothing to say. You have got to look on whilst you are disappearing!

*Mr. Shomia.*—It is so even now. I am afraid I cannot suggest any solution.

#### *Prejudice against Indian matches.*

*President.*—In reply to question 9 which was “It has been stated that Indian manufactured matches are inferior to imported matches”, you say that that is not so. It is also suggested that there is prejudice apart from the question of quality against Indian matches and you say that there is none.

*Mr. Shomia.*—Yes.

*President.*—What matches are you referring to? In Bombay, you manufacture matches out of imported wood chiefly, is not that so?

*Mr. Shomia.*—Yes.

*President.*—It may be that if you manufacture matches out of imported wood, that feeling may not exist but the question has no reference merely to that. Will a man pay the same price for Indian matches made out of Indian wood as he would for matches made abroad or manufactured here out of imported wood?

*Mr. Shomia.*—No, he will not.

*President.*—That is because he considers Indian matches to be inferior to imported matches, is it not?

*Mr. Shomia.*—Yes.

*President.*—Then, why do you say that there is no prejudice against Indian matches?

*Mr. Shomia.*—We are also manufacturing white splints.

*President.*—Is it your contention that so far as matches made out of aspen are concerned, the consumer will pay the same price as he would for imported matches?

*Mr. Shomia.*—At present we are selling cheaper.

*President.*—Why?

*Mr. Shomia.*—Because of the competition.

*President.*—I am not dealing with competition. I am talking of quality for quality.

*Mr. Shomia.*—As my competitors are selling cheaper, I have also to sell my matches cheaper; otherwise they will not be sold.

*President.*—Supposing there is no competition amongst yourselves; the competition is only between foreign matches and your matches?

*Mr. Shomia.*—In the beginning there was a difference of two to 3 annas per gross between imported matches and matches manufactured from imported wood.

*Dr. Matthai.*—Do you mean half size?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Are you talking of the time when you were merely dipping here?

*Mr. Shomia.*—Yes.

*President.*—Then you were not manufacturing at all. I am talking of the matches manufactured in India out of aspen. Supposing the competition was between imported matches made in Sweden out of aspen and the matches manufactured out of the same wood here, would you get the same price?

*Mr. Shomia.*—No.

*President.*—What would be the difference?

*Mr. Shomia.*—One pice per box.

*President.*—That is to say the purchaser would willingly pay one pice more for Swedish matches?

*Mr. Shomia.*—The general consumer purchases what is cheaper.

*President.*—That is to say he would not pay anything more than is necessary?

*Mr. Shomia.*—That is so.

*President.*—This is the first time that I have heard that the consumer will not pay anything more for Swedish matches than he will pay for Indian matches.

*Mr. Shomia.*—The poor man will always prefer the cheapest match.

*President.*—Supposing he was given the choice would he purchase your match as willingly as he would purchase the Swedish match?

*Mr. Shomia.*—If they are special buyers they would be willing to pay more for Swedish matches.

*President.*—Take the *panwala*, for instance. He is shown these two matches, will he pay a pice for your match when he can buy a Swedish match for the same price?

*Mr. Shomia.*—No. If the price is the same he would prefer the Swedish match.

*President.*—From the ordinary consumer how much can the *panwala* get for your match as against the Swedish match?

*Mr. Shomia.*—The consumer will pay 2 pice for Swedish matches as compared with 1 pice for the Indian match.

*President.*—That is to say Rs. 4-8-0 a gross as against your Rs. 2-4-0?

*Mr. Shomia.*—Yes, that is the retail price.

*Dr. Matthai.*—What market are you speaking of?

*Mr. Shomia.*—I am speaking of *panvalas'* shops in Bombay and Gujrat.

*Mr. Mathias.*—But in Bombay the Swedish match does not sell at 2 pice per box; it is only 1½ pice?

*Mr. Shomia.*—½ size sells at 2 pice per box.

*President.*—We want a little more evidence about that. Some people come and tell us that they sell at Rs. 3-6-0 a gross while you say they sell at Rs. 4-8-0 a gross. What we really want to know is what is happening in the bazar. I have heard people say that sometimes they sell at even Rs. 3 per gross. We asked in question 9 (6) "What difference in price in your opinion represents a fair measurement of the difference in quality or would be sufficient to overcome the prejudice against Indian matches". In an earlier answer you said that there was no prejudice and that there was no difference in quality, but in answer to this question you say "It is represented by 2 pice per box", that is to say Rs. 1-8-0 per gross, which means that you must be in a position to sell your matches at Rs. 1-8-0 a gross less than the Swedish matches if you are to have a market.

*Mr. Shomia.*—That is so.

*Dr. Matthai.*—At present you are able to sell your matches even though the difference is less than Rs. 1-8-0 per gross.

*Mr. Shomia.*—There is a difference of Rs. 1-8-0.

*Dr. Matthai.*—At present between the price of your matches and the price of imported matches is there a difference of Rs. 1-8-0 per gross.

*Mr. Shomia.*—Now there is a difference of Re. 1 to Rs. 1-3-0 per gross.

*Dr. Matthai.*—Here you say it is necessary for you that there should be a difference of Rs. 1-8-0 but you are able to sell the whole of your output on a difference of less than Rs. 1-8-0?

*Mr. Shomia.*—No sooner are our goods introduced the difference is at once shortened.

#### Wood costs.

*President.*—As regards wood it is very difficult to follow the figures you have given. I do not understand what you mean by "Sen, 13 50 per sai f.o.b.". It conveys no information to me. Give me in Pounds or in Rupees the price of your wood f.o.b. per customary unit. You give per sai f.o.b. We want per ton of 50 c. ft.

*Mr. Shomia.*—10 sai makes one c. ft.

*Dr. Matthai.*—What period do these figures relate to?

*Mr. Shomia.*—About April 1927.

*President.*—What I want is the f.o.b. price per ton of 50 c. ft. exactly in the form we have given.

*Mr. Shomia.*—It comes to 67½ yen per ton of 50 c. ft.

*President.*—What is the exchange value of the yen?

*Mr. Shomia.*—Rs. 129-8-0 per 100 yen.

*President.*—You have given the freight as 17 yen per ton.

*Mr. Shomia.*—The freight is charged per ton of 40 c. ft.

*Mr. Mathias.*—Is it the commercial practice to sell wood per ton of 40 c. ft.?

*Mr. Shomia.*—No. It is sold per ton of 50 c. ft. but the freight is charged per ton of 40 c. ft.

*Mr. Mathias.*—We were informed by one of the manufacturers in Calcutta that the commercial practice in Japan was to sell per ton of 40 c. ft.

*Mr. Shomia.*—For measuring purposes the ton is taken at 50 c. ft. but for freight purposes it is taken at 40 c. ft. and you have got to add 25 per cent. to the charge given here for freight.

*Mr. Mathias.*—Is the price of 67½ yen for a ton of 50 c. ft.?

*Mr. Shomia.*—Yes.

*President.*—You have given the freight as 17 yen per ton but we will take it as 21 yen per ton of 50 c. ft., so that the total comes to 88½ yen. Then there are the insurance charges and transportation charges to the factory.

*Mr. Mathias.*—Have they all got to be adjusted?

*Mr. Shomia.*—They are for a ton of 50 c. ft.

*Dr. Matthai.*—It is only in the case of No. (3) that you take your ton as being equal to 40 c. ft.?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—All the rest are for a ton of 50 c. ft.

*Mr. Shomia.*—Yes.

*President.*—What is the cost of aspen per ton delivered at your works?

*Mr. Shomia.*—About Rs. 3.40 per c. ft.

*President.*—It comes to about Rs. 162 per ton delivered at the works but, since you sent in the replies, has not the price of aspen gone up?

*Mr. Shomia.*—Yes.

*President.*—What is the price now?

*Mr. Shomia.*—It comes to about Rs. 163 at the works per ton of 50 c. ft.

*President.*—Are you using any Swedish aspen now or are you still using Japanese aspen?

*Mr. Shomia.*—We only bought one lot which was shipped from Riga.

*Mr. Mathias.*—Was it cheaper?

*Mr. Shomia.*—No.

*Dr. Matthai.*—What would you call it here, this consignment from Riga?

*Mr. Shomia.*—We call it Russian wood.

*Dr. Matthai.*—What did that cost you?

*Mr. Shomia.*—£7 per ton c.i.f.

*Dr. Matthai.*—What did it cost you at the factory?

*Mr. Shomia.*—About Rs. 125 per ton, but the measurement system differs.

*Dr. Matthai.*—In what way?

*Mr. Shomia.*—One is Hobbs' measurement whereas the measurement of the Japanese wood is different.

*Dr. Matthai.*—If you paid Rs. 125 for Riga wood and Rs. 163 for the Japanese does it cost you the same at your factory considering the difference in measurement?

*Mr. Shomia.*—It comes to nearly the same.

*Dr. Matthai.*—Have you ever tried to import Swedish wood?

*Mr. Shomia.*—No.

*Dr. Matthai.*—Why have you not?

*Mr. Shomia.*—We got only one lot for trial and we have the intention of trying it later on. The measurement of the Swedish wood is not favourable.

*Dr. Matthai.*—We were told by the representative of the Western India Match Company last April that he got Swedish wood landed at the factory at Ambarnath at Rs. 115 a ton.

*Mr. Shomia.*—It may be Hobbs' measurement.

*Dr. Matthai.*—You have not made any careful enquiries about it. have you?

*Mr. Shomia.*—No.

*President.*—If we took Rs. 145 as the average cost delivered at the works of Japanese aspen, would that be about right?

*Mr. Shomia.*—The present prices are the lowest.

*President.*—We do not know what may happen 10 years hence. We are only concerned with what is happening now and with what may happen in a year or two.

*Mr. Shomia.*—Last season the price was 5 sen a c. ft. higher. You might take Rs. 150 as the average.

*President.*—So far as you are concerned I take it that you only use aspen for making splints?

*Mr. Shomia.*—We are also using Indian wood for that purpose.

*President.*—Are you making splints on any large scale out of Indian wood?

*Mr. Shomia.*—We have made 200 cases so far.

*President.*—In a year?

*Mr. Shomia.*—Yes.

*President.*—I have not seen any matches made by you out of Indian wood.

*Mr. Shomia.*—Here are samples (shown). The exact figure for matches made out of Indian wood is 204 cases.

*President.*—That means only about 70 gross a day but your total average production is 440 gross per day so that this is a very small percentage.

*Mr. Shomia.*—That is so.

*President.*—The only difference in these two matches is where you use aspen for other matches you use here Indian wood for splints.

*Mr. Shomia.*—Yes.

*President.*—But so far as boxes are concerned you use only Indian wood for both.

*Mr. Shomia.*—Yes.

*President.*—You manufacture only half size, do you not?

*Mr. Shomia.*—Yes, but we have recently begun to manufacture  $\frac{3}{4}$  size.

*President.*—What is the percentage of the  $\frac{3}{4}$  size to the half size?

*Mr. Shomia.*—Up till now we have manufactured only 50 cases of  $\frac{3}{4}$  size.

*Mr. Mathias.*—Are these costs for half size matches?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Does your  $\frac{3}{4}$  size contain more splints than the half size?

*Mr. Shomia.*—Only 5 or 6 more.

*Dr. Matthai.*—Practically they are the same?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Only the sticks are longer and thicker?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—Are they thicker?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—To make your  $\frac{3}{4}$  size matches you would require more chemicals, would you not?

*Mr. Shomia.*—It does not make much difference.

*Mr. Mathias.*—Then your splints must be of the same size.

*Mr. Shomia.*—The splints are longer.

*Mr. Mathias.*—But not thicker!

*Mr. Shomia.*—The difference is very negligible.

*President.*—Will you let us have samples of the three kinds of match boxes—firstly, matches made out of aspen, secondly, aspen splints with Indian boxes and thirdly, both splints and boxes made of Indian wood. I want samples of the half size. If you are manufacturing three-quarter size in this way, you can let us have samples of those also.

*Mr. Shomia.*—We will let you have them.

*President.*—The principal kinds of Indian wood that you use are savar, mango and googal?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—Googal is salai, is it not?

*Mr. Shomia.*—Yes.

*President.*—Savar is the same as simul?

*Mr. Shomia.*—Yes.

*President.*—Of these three varieties, which are suitable for splints as well as for boxes?

*Mr. Shomia.*—Savar and mango. We find mango better than savar.

*President.*—Have you used mango on a large scale?

*Mr. Shomia.*—We are just trying it.

*President.*—Is it not a fact that mango is softer though it is white?

*Mr. Shomia.*—No, it is stronger than savar.

*President.*—And googal?

*Mr. Shomia.*—That is weaker. I have not tried googal for splints.

*President.*—Have you tried it for boxes?

*Mr. Shomia.*—Yes.

*President.*—What is the cost of the Indian wood delivered at the works?

*Mr. Shomia.*—Rs. 40 per ton.

*President.*—You require 9 c.ft. altogether for 100 gross of boxes and splints of half size.

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Are you thinking of Indian wood for veneers or imported wood?

*Mr. Shomia.*—I am thinking of aspen.

*Dr. Matthai.*—If you use aspen wood for both splints and veneers, then you would need 9 c.ft. per 100 gross in the log.

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—Is it for boxes only or for boxes and splints?

*Mr. Shomia.*—For both.

*President.*—This is the lowest figure that we have got so far.

*Mr. Shomia.*—But I have not calculated the wastage.

*President.*—Supposing you allow for wastage, it will be about 10 c.ft. I think that you had better look into your figures. I don't think that the figures are correct. Of the 10 c.ft. how much do you allow for boxes and how much for splints—each 5 c.ft. or what?

*Mr. Shomia.*—Half and half.

*President.*—It cannot be right. Look at your costs given in Form II. You give there Rs. 32 as the cost of wood for splints and veneers for 100 gross. That gives you 5·12 annas per gross. The cost of 5 c.ft. for splints at the rate of Rs. 150 per ton comes to Rs. 15. The cost of 5 c.ft. of Indian wood for boxes at the rate of Rs. 40 per ton comes to about Rs. 4, the total being Rs. 19, whereas you give Rs. 32 as the cost of wood. One of the two figures must be wrong. As I to accept your statement that you require 10 c.ft. of wood for 100 gross of matches?

*Mr. Shomia.*—Yes.

*President.*—Would you require more wood if you were to use Indian wood?

*Mr. Shomia.*—Yes, on account of wastage.

*President.*—How much more?

*Mr. Shomia.*—20 per cent. more.

*President.*—As regards splints only?



*Mr. Shomia.*—For both splints and boxes, it will cost about 20 per cent. more on account of wastage.

*President.*—In making  $\frac{3}{4}$  size how much more wood would you require? Should we be justified in taking it in the same proportion?

*Mr. Shomia.*—8 c.ft. for boxes would be required.

*President.*—And for splints?

*Mr. Shomia.*—About  $8\frac{1}{2}$  to 9 c.ft. for splints.

*Mr. Mathias.*—Is that Indian wood?

*Mr. Shomia.*—No, aspen wood.

*President.*—On top of that, you will have to add 20 per cent. for Indian wood.

*Mr. Shomia.*—Yes.

*President.*—Do you find any difficulty in getting this wood?

*Mr. Shomia.*—We cannot get Indian wood for the time.

*President.*—What do you mean by “for the time”?

*Mr. Shomia.*—We cannot get Indian wood. We have to depend on the contractor. It takes him a fortnight more to supply. We cannot take a forest on contract because the Forest Department require deposits. We have got no money to deposit Rs. 5,000 for each forest and then extract only 100 tons.

*President.*—So, you have to buy from the contractor.

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—Is there any difficulty in getting Indian wood during the monsoon?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—In what month of the monsoon?

*Mr. Shomia.*—From June to October, there is difficulty.

*Mr. Mathias.*—You say you have difficulty in getting wood. Do you get any Indian wood at all then?

*Mr. Shomia.*—No.

*Mr. Mathias.*—You say in answer to question 12 that the silver fir wood is suitable for splints and veneers.

*Mr. Shomia.*—We tried it and found it quite suitable.

*Mr. Mathias.*—Where did you get it from?

*Mr. Shomia.*—From the Kashmir forests.

*Mr. Mathias.*—You are not able to get regular supplies of this wood.

*Mr. Shomia.*—We can't get because the woods are cut and floated.

*Mr. Mathias.*—Do you find many knots in the silver fir?

*Mr. Shomia.*—There are, but there is no difficulty with the knives.

*Dr. Matthai.*—You told the President that your cost of Indian wood delivered at the factory was Rs. 40 a ton. Now you get your wood from different areas, don't you?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—This Rs. 40 is the average rate, is it not?

*Mr. Shomia.*—We get it from the Thana forest at this rate.

*Dr. Matthai.*—This is the rate at which you get it from the Thana forest.

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—And the wood is simul.

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Would you have to pay a higher rate for mango?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—What sort of rate would it be?

*Mr. Shomia.*—Rs. 55 per ton.

*Dr. Matthai.*—Is that the reason why you have not tried mango on a large scale?

*Mr. Shomia.*—Mango is scarce.

*Dr. Matthai.*—Where do you get your mango from?

*Mr. Shomia.*—From the Thana forest.

*Dr. Matthai.*—Is it better for splints?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—It is lighter in colour, is it not?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—It is also stronger?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—What about salai?

*Mr. Shomia.*—You get that also from the Thana forests?

*Dr. Matthai.*—Yes.

*Dr. Matthai.*—Is it less satisfactory than simul?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Supposing you got your splints made from mango, would it be possible for you to get a higher price than for splints made out of simul?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Are you speaking from experience?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—How much more would you get?

*Mr. Shomia.*—Half an anna per gross more.

#### *Labour costs.*

*President.*—As regards labour you say that the total number of people employed by you is 150.

*Mr. Shomia.*—Yes.

*President.*—Does that mean labour employed in the factory only?

*Mr. Shomia.*—Yes. We have not included outside labour in that.

*President.*—What do you estimate the number of people engaged in this work outside at?

*Mr. Shomia.*—About 75.

*President.*—You have not given us the rates in answer to our question. What is the average wage of these people working in your factory per man?

*Mr. Shomia.*—Re. 1 to Rs. 1-4.

*President.*—And for the women?

*Mr. Shomia.*—10 annas to 12 annas per day per woman.

*President.*—And for the boys?

*Mr. Shomia.*—7 annas to 8 annas.

*President.*—Are these wages the same as in the case of labour employed in mills or are they lower?

*Mr. Shomia.*—They are a little higher than the mills.

*President.*—Do you pay them by the day or by the piece?

*Mr. Shomia.*—By the piece generally.

*President.*—As regards the men on the machines do you pay them by the piece?

*Mr. Shomia.*—Yes.

*President.*—Take the case of the peeling machine.

*Mr. Shomia.*—The operatives are paid a daily wage.

*President.*—Splint cutting?

*Mr. Shomia.*—Daily wage.

*President.*—How do you pay the men on the frame filling machine?

*Mr. Shomia.*— $2\frac{1}{2}$  annas for filling 30 frames.

*President.*—Thirty frames means how many boxes?

*Mr. Shomia.*—12 such carriages make 100 gross.

*President.*—How much in a carriage?

*Mr. Shomia.*— $8\frac{1}{2}$  gross per carriage.

*President.*—And you pay  $2\frac{1}{2}$  annas for that?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—How many men do this work?

*Mr. Shomia.*—Two men on one machine.

*Mr. Mathias.*—How many of these frames will they do in a day?

*Mr. Shomia.*—30 carriages between two of them.

*President.*—Then they would get 75 annas between the two of them?

*Dr. Matthai.*—In 10 hours they are able to do 30?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—These rates are certainly very much higher than what is paid elsewhere? It works out at Rs. 2-5 per day per man? It is purely manual work and there is no intelligence required?

*Mr. Shomia.*—Yes.

*President.*—Any ordinary cooly with a little training could do it.

*Mr. Shomia.*—If these machines are worked by power that means less labour for the men. This is more strenuous work.

*President.*— $2\frac{1}{2}$  annas I take it includes power and supervision charges?

*Mr. Shomia.*—Yes.

*President.*—If the wages work out at these rates it does seem to me strange that anybody should like to work in the mills; everybody would like to work in the match factory!

*Mr. Shomia.*—These people work six months and get tired and want rest for one month because the work is very strenuous. Nobody can work in the match factory for 12 months continuously.

*President.*—Do you think that it involves too much strain?

*Mr. Shomia.*—Yes.

*President.*—What is the next hand process in which you pay by the piece. You have told us for frame filling it is  $2\frac{1}{2}$  annas for  $8\frac{1}{2}$  gross, that is about 4 pies per gross; what about emptying?

*Mr. Shomia.*—That is daily wages.

*President.*—Then filling: how much is that?

*Mr. Shomia.*—One anna a gross.

*President.*—For box making how much?

*Mr. Shomia.*—12 annas a thousand, both inner and outer; that is 1 anna 8 pies per gross.

*President.*—Then for painting and labelling, how much do you pay?

*Mr. Shomia.*—For labelling one anna for 500 boxes or about 4 pies per gross. Painting is done on daily wages. Then there is bundling. That is 9 pies for 42 bundles.

*President.*—How many boxes are contained in a bundle?

*Mr. Shomia.*—12 boxes.

*President.*—Then there is packing?

*Mr. Shomia.*—That is 8 annas per 100 gross, or about 1 pie per gross.

*President.*—Is there any other process in which hand labour is employed?

*Mr. Shomia.*—No.

*President.*—If I add all these I get 3 annas 8 pies, but you have given here Rs. 38 as your factory labour which is equal to 6 annas per gross. You have got to account for 2 annas 4 pies yet.

*Mr. Shomia.*—There are those who are on daily wages.

*President.*—How many men have you on daily wages. What is your daily wage bill?

*Mr. Shomia.*—We have given you the cost per case.

*Dr. Matthai.*—Last year you were producing 440 gross a day; how many people did you employ on the basis of daily wages.

*Mr. Shomia.*—I have not got any separate account for 1926.

*Dr. Matthai.*—Can't you give me the daily wage bill?

*Mr. Shomia.*—I have not got it separately for daily wages. In one department there are people working on daily wages as well as by the piece. I have got no separate account for each. I have accounts department by department.

*Dr. Matthai.*—Would you be able to find it out for us?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—We want to know the number of people who were on daily wages in 1926 and the total amount received by them per day.

*Mr. Shomia.*—We shall send you the statement later.

*President.*—You have given the cost of 100 gross matches at Rs. 115-1-0; that works out at slightly less than Rs. 1-2-6 per gross. That I take it includes all your costs excluding your depreciation and profit?

*Mr. Shomia.*—Depreciation has been included in it under No. 7.

*President.*—Those are repairs.

*Mr. Shomia.*—It is for depreciation not for repairs.

*President.*—Then you have got to add profit and interest on capital?

*Mr. Shomia.*—Yes.

*President.*—In these items do you expect to make any economies now so that you can reduce your costs?

*Mr. Shomia.*—Yes.

*President.*—I take it that all these splints and veneers are made of aspen?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—This account under form 2, is it for splints made out of aspen and boxes also made out of aspen or is it for splints of aspen and boxes of Indian wood?

*Mr. Shomia.*—It is all aspen.

#### *Possible economies.*

*President.*—In what direction do you expect any economy?

*Mr. Shomia.*—In labour and supervision charges.

*President.*—How do you expect to effect a saving in your labour charges?

*Mr. Shomia.*—Rs. 4 per case of 100 gross can be saved in labour. You will notice that box making labour has been reduced. As people get more and more experience, they are able to make more boxes and thus there has been a saving.

*Dr. Matthai.*—It is now 12 annas per 1,000 boxes; are you hoping to reduce it still further?

*Mr. Shomia.*—When the answers were submitted it was Rs. 1-4, and it is now 12 annas.

*Mr. Mathias.*—As the skill of the workmen increases and they are able to turn out more stuff, you calculate what would correspond to a fair daily wage?

*Mr. Shomia.*—As the people get more and more trained there is ample trained labour available in the country and thus wages can be reduced.

*Mr. Mathias.*—You cannot say that because one person takes material for 1,000 boxes a day and gets such and such amount, he alone earns that. He takes the work to his house and you do not know how many people are at it. It is done by the whole family perhaps.

*Mr. Shomia.*—We make a note of it.

*Mr. Mathias.*—How can you tell how many men work at the man's home?

*Mr. Shomia.*—When a man gets a cart from us we make a note of how many family members he has got; he may have three only for instance.

*Mr. Mathias.*—How do you know that? There may be 10.

*Mr. Shomia.*—They will always say more and not less in order to get more work.

*President.*—On the contrary he may tell you that there are 5 men where there are only one or two, because you may say the work would be too much for one man and you might not give him enough work?

*Mr. Shomia.*—We call them and make them sit in our factory and see how they are working and who are the people he has got at home. If we are satisfied with their work at the factory for three or four days, then only we give him work to be taken home.

*President.*—Might it not happen that one person might take this work—as it happens in other industries—especially when he finds that the wages are so high as you say—and then sublet the work to somebody else?

*Mr. Shomia.*—It might happen, but it does not happen generally. In fact some contractors take work from us and give it to others.

*President.*—If the work is spoilt what do you do?

*Mr. Shomia.*—We make them take out the paper and do it again.

*Dr. Matthai.*—Do you expect to make any reduction on any other work?

*Mr. Shomia.*—No.

*President.*—Rs. 4 a 100 gross is about what you expect to save?

*Mr. Shomia.*—At present we don't think there can be any economy in any other direction besides this.

*President.*—So that your cost will come down to Rs. 1-2-0?

*Mr. Shomia.*—Yes. Under general supervision charges there will be some economy. Our capacity has increased and the charge under this head will therefore be reduced. It was 440 gross when we submitted our representation and now it is 770 gross. It will be reduced by Rs. 2.

*Mr. Mathias.*—Your depreciation charges will also decrease. As you are making more boxes the incidence per 100 gross will be lighter?

*Mr. Shomia.*—Depreciation will remain the same.

*Dr. Matthai.*—You look at the figures for 1924-25. Your cost of wood was higher that year by Rs. 8 than in 1925-26. That is really due to the price of wood. Similarly, cost of paper, cost of chemicals and cost of other materials—all these other items have come down since 1924-25.

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—Factory labour has come down from Rs. 50 to Rs. 38. Running charges for machinery, plant, etc., have come down from Rs. 6 to Rs. 4; miscellaneous from Rs. 16 to Rs. 10. All that is due to the fact that you have increased your output from 70,000 to 130,000 gross a year. Similarly if you raised your output hereafter say from 440 to 700 gross a day, there would be a corresponding reduction in those charges, wouldn't there?

*Mr. Shomia.*—The reduction will only be under factory labour and supervision charges.

*Mr. Mathias.*—Surely your depreciation charges must come down. When you double your output the incidence per gross must be lower?

*Mr. Shomia.*—It will be one rupee less.

*President.*—Your biggest economy ought to come from the use of Indian wood. You have given Rs. 32 as the cost of wood because you are using aspen. Supposing you were using 5 c.ft. of Indian wood at Rs. 40 a ton, that would cost you only Rs. 4 instead of Rs. 15.

*Mr. Shomia.*—But then there would be wastage in that.

*Mr. Mathias.*—Even allowing for the wastage, the cost of wood would come down from Rs. 32 to Rs. 16, would it not?

*Mr. Shomia.*—Yes.

*President.*—First, you are using here aspen for boxes. Instead of that, if you use Indian wood for boxes, then your wood will cost you about Rs. 5, because the price of Indian wood is only Rs. 40 per ton of 50 c.ft. You have asked for 20 per cent. of wastage and I am giving you 25 per cent. Even then, it gives you a reduction of Rs. 10. If you use Indian wood also for splints, it will give you another reduction of Rs. 10. Thus, there would be a saving of Rs. 20 per 100 gross.

*Mr. Shomia.*—Rs. 15 will be the saving if Indian wood is used.

*President.*—That means a saving of about 2 annas 6 pies per gross.

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—You will get a smaller price for those matches, won't you?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—How much smaller?

*Mr. Shomia.*—2 annas to 2 annas 6 pies less per gross.

*President.*—Then there is no saving.

*Mr. Mathias.*—Supposing your matches are made of aspen splints and Indian boxes, do you get a lower price for these matches than for matches made entirely of aspen?

*Mr. Shomia.*—There will be some difference.

*Mr. Mathias.*—What will be the difference?

*Mr. Shomia.*—About one anna.

*Mr. Mathias.*—When I look at the box without looking at the splints, I cannot say whether it is made of aspen or not?

*Mr. Shomia.*—Unless the prejudice is removed from the mind of public that Indian goods are not good, we cannot use Indian wood for splints. If that is removed, we can use Indian wood for both splints and boxes.

*Mr. Mathias.*—Supposing splints are made of aspen wood and boxes are made of Indian wood, you cannot say merely from the look of the box whether they are made of Indian wood or imported wood. Will aspen splints in a box made of Indian wood fetch you a smaller price?

*Mr. Shomia.*—No.

*Mr. Mathias.*—Whether you use aspen wood or Indian wood for your box, provided the splints are made of aspen, the price would be the same.

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—In your answer to question 51, you say that if the Indian veneers be used the price will be reduced by half an anna per gross. That is different from what you have said just now.

*Mr. Shomia.*—In order to make our labels current in a particular market, we have to make boxes out of Indian wood and give them to consumers at half an anna less.

*Dr. Matthai.*—Are you speaking of your labels or of Indian veneers?

*Mr. Shomia.*—In the beginning, we have to sell those boxes made of Indian veneers a little cheaper in order to convince them that there is no difference in quality but in the long run we can sell those boxes at the same price.

*Dr. Matthai.*—At present, you can get the same price.

*Mr. Shomia.*—Yes.

*Markets.*

*President.*—As regards your markets, you have got no market at all in Bombay, so far as I can see from your answer to question 46.

*Mr. Shomia.*—Our matches were sold in Bombay.

*President.*—What is the position now?

*Mr. Shomia.*—The Swedish people have made a syndicate in the Bombay market which is situated in Nall Bazar. The object is that all the dealers should buy only Swedish matches and matches made at Ambarnath and not matches made at any other factory.

*President.*—So that you have no market in Bombay.

*Mr. Shomia.*—For that reason we cannot sell our goods in Bombay.

*Mr. Mathias.*—When you say that they have made a syndicate, do you mean that they have made a combine of all retailers and shopkeepers?

*Mr. Shomia.*—The dealers buy from them and stock them, and the *panwallas* and *biriwallas* go to them and buy their matches.

*Mr. Mathias.*—Are the Santa Cruz people in the Syndicate?

*Mr. Shomia.*—They have got their own motor selling vans. They take their matches in their vans to the shops of retailers and sell them.

*Mr. Mathias.*—Do they go to the retailers or *panwalas*?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—Why should you not follow their example?

*Mr. Shomia.*—Our output is not very much, so we cannot afford to spend money on motor lorries.

*President.*—What is the price at which you sell your matches to your agents at the works?

*Mr. Shomia.*—Rs. 1-3-6 to Rs. 1-4-0 is the price at which we sell our first quality matches.

*President.*—Where does the quality come in?

*Mr. Shomia.*—There are different qualities.

*President.*—If a brand is made entirely of aspen wood, what is its price?

*Mr. Shomia.*—Rs. 1-4-0 per gross.

*President.*—What is the price at which you sell your matches if the splints are made of aspen and the boxes are made of Indian wood?

*Mr. Shomia.*—Rs. 1-3-0 to Rs. 1-3-6 per gross.

*President.*—If the matches are made entirely of Indian wood?

*Mr. Shomia.*—Rs. 1-2-0 to Rs. 1-1-6.

*President.*—And you manufacture all these three kinds.

*Mr. Shomia.*—Yes.

*President.*—At how much are your matches sold in the bazar?

*Mr. Shomia.*—At 2 annas a dozen.

*President.*—Where?

*Mr. Shomia.*—Gujerat, Sangli and other stations on the Poona side.

*President.*—What is the price per box?

*Mr. Shomia.*—2 pies per box.

*Mr. Mathias.*—If I go to a *biriwala* and buy a box of these matches and pay him a pie for it will he give one box of matches and throw in some *biris*?

*Mr. Shomia.*—Yes, he would give some *biris* extra.

*President.*—What is the usual practice?

*Mr. Shomia.*—In the Bombay side there is no question of a pie but in the interior they buy a box at 2 pies.

*President.*—Supposing it is sold for a pice in Bombay and you sell then at the works at Rs. 1-2-0 to Rs. 1-4-0 per gross, then there is a difference of nearly 100 per cent. between the wholesale and the retail prices?

*Mr. Shomia.*—Yes. If they sell at 3 pies per box that will be Rs. 2-4-0 per gross. Rs. 1-4-0 will be the wholesaler's buying price and then there are transportation charges and other things.

*President.*—Even then it seems to me a lot. Is it not rather due to the fact that there is so much competition between these different labels and in order to induce your agents or your retailers to sell your new labels against the old labels you have got to pay them a higher commission.

*Mr. Shomia.*—We have to give quarter anna. The position is, Rs. 1-4-0 is our price; 2 annas is the transportation charge and one anna commission. That makes a total of Rs. 1-7-0. The man who buys from us buys at Rs. 1-4-0, but he will have to sell to the retailers at Rs. 1-7-0 or perhaps Rs. 1-8-0, which comes to 2 annas per dozen. The retailer, that is the *panwala* who buys from him at Rs. 1-8-0 will sell the matches at one pice per box, so that the ultimate profit goes to the *panwala* or the *biriwala* who buys at 2 annas a dozen and sells at 3 annas. You will thus see that 50 per cent. of the profit goes to the *panwala*, but his turnover is very small and he gets only perhaps 8 annas a day.

*President.*—Are there any licenses required for selling matches?

*Mr. Shomia.*—For keeping one or two gross of matches there is no license but to stock 5 gross and more a license is required.

*President.*—Who gives the license?

*Mr. Shomia.*—The municipality.

*President.*—The charge for the license is not much?

*Mr. Shomia.*—Very little.

*Dr. Matthai.*—If a *biriwala* sold a half size box for one pice what would he sell a  $\frac{3}{4}$  size box at?

*Mr. Shomia.*—That will also be retailed at one pice per box.

*Dr. Matthai.*—And the full size?

*Mr. Shomia.*—We are not making full size boxes.

*Dr. Matthai.*—Are imported Swedish matches sold in the mufassal by these *biriwalas*?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—What do they sell at?

*Mr. Shomia.*—They sell at half an anna a box.

*President.*—Your boxes contain 55 to 65 matches, don't they?

*Mr. Shomia.*—Yes, 60.

*President.*—You say there is no small coin. Supposing you were to sell, say, 2 boxes for a pice you could do it by reducing the sticks in the box, could you not?

*Mr. Shomia.*—No, because all the charges remain the same.

*President.*—But you will save in splints?

*Mr. Shomia.*—There will be very little saving in splints.

*President.*—You think it won't pay at all?

*Mr. Shomia.*—No, because labour and other charges will remain the same.

*Mr. Mathias.*—To what extent do you think matches are sold separately by the box and not by the dozen?

*Mr. Shomia.*—Household people always take a dozen, but a single man takes a box at a time.

*Mr. Mathias.*—Take the case of a mill hand with his wife and three or four children. Would he buy a box at one time or would he buy a dozen?

*Mr. Shomia.*—He will buy only a box because he will have to spend 2 annas for a dozen. A man going out in the street and wanting to



light a *biri* will buy a box. A poor man cannot afford to spend 2 annas at a time; he will only buy one at a time.

*President.*—In answer to question 47 you make some statements. Have you got any evidence about what you have stated?

*Mr. Shomia.*—Dealers who are doing business of this kind allege this.

*President.*—You say “foreign matches purchased at Bombay at say 15 annas without duty will be saleable in Gujrat after paying duty and other reasonable charges at Rs. 2-10-0, whereas the actual price obtaining there is only Rs. 2-0-0 or Rs. 2-1-0. What are these matches; are these Swedish?

*Mr. Shomia.*—Most of them are Swedish matches; Japanese matches are not imported here.

*President.*—If they were Swedish matches do you think the Swedish Match Company would allow it when they can themselves sell at Rs. 2-10-0 in the country?

*Mr. Shomia.*—They get their money all right. So long as they get their c.i.f. value they don't care at what price they are sold.

*President.*—Where can we get evidence on this point?

*Mr. Shomia.*—From the dealers; you can also enquire at the Indian States where such goods are transhipped.

*President.*—Do you mean to say they are going to tell us? Your suggestion is that these matches are smuggled. Do you mean to say that these dealers would tell us that they have smuggled these matches and that they are selling these at this price?

*Mr. Shomia.*—When the buyers come to us and we quote our price, they say they can buy Swedish matches at such and such a price.

*President.*—If the duty is Rs. 1-8-0 in order that they can sell at Rs. 2 they must buy it at 8 annas.

*Mr. Shomia.*—We can't say. The Bombay dealers say they get these goods from the States.

*President.*—Can you give us the name of these dealers?

*Mr. Shomia.*—Messrs. Abdul Ali Ibrahim, Messrs. Abdul Ali Sheikh Ali and Messrs. Lalubhai Jaichand.

*President.*—They must know that somebody has been able to get these matches into British territory at much lower price than at which they can be bought in the British territory. Though I do not say that they smuggle these themselves, they must know that somebody has smuggled these goods.

*Mr. Shomia.*—These Bombay dealers get these goods to Bombay in order to get a proof of the fact that they can buy these goods at the Kathiawar ports at cheaper rates than they can buy here.

*President.*—What ports do you refer to.

*Mr. Shomia.*—These matches can be had at these rates at places like Ahmedabad, Surat, Viramgaon, etc.

*President.*—Is there any ground for supposing that these matches are coming into the country now?

*Mr. Shomia.*—Since the formation of the land frontiers they are not coming, I think. At least there has been no complaint since then.

*Mr. Mathias.*—You haven't any recent information about the prices of matches imported through the Kathiawar ports being lower than the prices here during the last two or three months, have you?

*Mr. Shomia.*—We have no information.

*President.*—On your present figures, if you get a price of Rs. 1-4-0 on an average, would you consider that a satisfactory price from your point of view?

*Mr. Shomia.*—Yes.

*President.*—That would give you a profit of about 2 annas on an average?

*Mr. Shomia.*—Yes, but Rs. 1-3-3 will be the nett price because we pay 3 pice commission.

*President.*—Your costs according to your figures are only Rs. 1-2-6.

*Mr. Shomia.*—We have increased the turnover and the expenses have decreased, so there is a margin.

*President.*—If your margin was, say, 2 annas, that would give you on 132,000 gross about Rs. 17,000?

*Mr. Shomia.*—Yes.

*President.*—But your whole capital so far invested is about Rs. 17,000.

*Mr. Shomia.*—Yes, that is plant and machinery, etc.

*President.*—Rs. 30,000 is your working capital.

*Mr. Shomia.*—At present it is Rs. 70,000.

*President.*—In answer to question 81 you say that when you are working to full capacity your working capital would be Rs. 45,000.

*Mr. Shomia.*—Yes, but plant and machinery is separate from working capital.

*President.*—A profit of Rs. 16,000 on an investment of Rs. 45,000 is not bad!

*Mr. Shomia.*—It is not bad.

*President.*—What is your present price?

*Mr. Shomia.*—Our price now is Rs. 1-3-0 nett for aspen matches and Indian wood matches Rs. 1-1-0 nett.

*Dr. Matthai.*—What are these prices that you give in answer to question 51 (3)? Take the last item "Imported foreign wood and Indian made matches"—1925, Rs. 1-11-6 to Rs. 1-11-0, and 1926, Rs. 1-11-0 to Rs. 1-5-6. Does that mean that you realized a price of Rs. 1-11-0 to Rs. 1-5-6 in 1926?

*Mr. Shomia.*—Yes.

*Dr. Matthai.*—What is the price that you are realizing now?

*Mr. Shomia.*—Rs. 1-3-0 nett.

*President.*—In the present year anyhow you have been compelled to reduce your wholesale price to Rs. 1-3-0, but last year you had realized from Rs. 1-5-6 to Rs. 1-11-0? That must have been a very profitable year.

*Mr. Shomia.*—Yes, but at that time the expenses were also high.

*Mr. Mathias.*—The year 1925-26 is the year for which you have given your costs, have you not?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—In the year 1925-26 you realized from Rs. 1-11-0 to Rs. 1-5-6. Is that correct?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—Your cost in that year worked out to Rs. 1-2-6 per gross.

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—Then you must have made a satisfactory rate of profit?

*Mr. Shomia.*—We realized Rs. 1-11-0 for a short time only.

*Mr. Mathias.*—But even if you got Rs. 1-5-6 you must have still made satisfactory profit because your costs were Rs. 1-2-6, so that when the President placed your profit at about Rs. 16,000 it was really on the low side according to your figures?

*President.*—We have not got your present year's costs;; your costs may have gone down also.

*Mr. Shomia.*—Yes, but prices also have gone down.

*Mr. Mathias.*—So that the position this year is probably the same as last year?

*Mr. Shomia.*—No, it is worse. The costs have gone down only very little whereas prices have gone down considerably.

*President.*—What is your present production per day? Let us have it for the whole year.

*Mr. Shomia.*—2,200 cases of 100 gross each for 12 months, that is from *Dewali to Dewali*.

*President.*—Have you reached your full capacity of 700 gross a day?

*Mr. Shomia.*—Yes.

*President.*—As regards protection you want this duty of Rs. 1-8-0 per gross on foreign matches to remain?

*Mr. Shomia.*—Yes.

#### *Question of revenue.*

*President.*—This morning I explained to you what the position was as regards revenue. We will take it this way by way of illustration. In 1922 Government raised the duty to Rs. 1-8-0 per gross. Supposing the import was then 14 million gross, the Government would have expected a revenue of roughly Rs. 2 crores at Rs. 1-8-0. Now the imports have been steadily going down. In the first six months of this year there have been only 2 million gross of matches imported for the whole of British India. If these figures are maintained it will come to 4 million gross. That will give Government a revenue of Rs. 60 lakhs and Government will also get something in the shape of duty on aspen and chemicals and so on. But still there will be a deficit of about a crore of rupees to the Government revenues. If the Government wants to get that revenue, as I suggested to you this morning, there are several ways in which they can get it. First of all there is the question of excise.

*Mr. Shomia.*—If an excise is placed on Indian factories they will have to be closed down.

*President.*—Supposing the excise is put, first of all we will have to consider how much you require by way of protection. We will say you require Rs. 1-8-0; then if an excise duty were imposed Government might say "all right, we will increase the import duty by that amount".

*Mr. Shomia.*—If we have to sell our matches at more than one pice per box we won't find a market.

*President.*—Let us take 14 annas as the import price. To-day the import duty is Rs. 1-8-0; that gives you Rs. 2-6-0 and you sell at Rs. 1-3-0. That leaves you a margin of Rs. 1-3-0. Let us take it that both go up by 8 annas. Then how are you worse off in that case? What difference is it going to make to you?

*Mr. Shomia.*—Then there are the transportation charges.

*President.*—The position remains the same; why should it make any difference to you?

*Dr. Matthai.*—Let me put it this way. Supposing we put an excise duty of say 8 annas. That excise duty is an addition to your cost of production. In order to make up the increase in your cost of 8 annas we add a corresponding 8 annas to the price of the imported Swedish match box. If you have got to increase your cost by 8 annas the importer also have got to increase his price by 8 annas. Therefore, so far as your wholesale price is concerned there will not be any difference in your position from what it is now.

*Mr. Shomia.*—The Swedish Trust would kill us then.

*President.*—We are not concerned with the Swedish Trust; it is no use talking of that now; at present you are not competing against foreign matches at all.

*Mr. Shomia.*—There is no competition with Sweden at present.

*Mr. Mathias.*—If an excise duty of 8 annas is put on Indian matches, would there then be competition with Swedish imported matches?

*Mr. Shomia.*—Yes.

*Mr. Mathias.*—Supposing an excise duty of 4 annas is put, would there be any competition?

*Mr. Shomia.*—There will still be competition.

*Mr. Mathias.*—At what figure would competition start? You say there is no competition at Rs. 1-8-0. Supposing an excise duty of 2 annas is put on would that alter the position and make the competition start?

*Mr. Shomia.*—We want the full protection of Rs. 1-8-0.

*President.*—As regards the levying of the excise duty, there are two methods, of course assuming that there was a case for the excise duty. So far as the small factories like the National Match Works are concerned, you get a considerable amount of work done outside, and so you cannot manufacture in bond. Then the only other thing is to put on labels. If labels are spoilt in the course of manufacture Government will allow you a rebate.

*Mr. Shomia.*—There is difficulty. If there is an omission in putting a label and one box in a case is found without a label Government may charge us with fraud although it might have escaped our notice. This labelling is done by hand and it is likely that there may be an omission. This is our trouble.

*Dr. Matthai.*—It will affect all the labels in the market.

*Mr. Shomia.*—It will be very troublesome to put the labels.

*Dr. Matthai.*—Why troublesome? You can put it in the same way as you put the other labels?

*President.*—You must understand that these labels can be put on by a simple machine.

*Mr. Shomia.*—I say it will be troublesome and moreover we shall have the additional expense of buying a machine.

*President.*—Then what do you suggest? Supposing Government wants this revenue would you prefer to be allowed to manufacture in bond which is much more troublesome, is it not?

*Mr. Shomia.*—You can levy the excise duty just as it is done in the case of the cotton mills.

*Mr. Mathias.*—Mills are very big things; they don't manufacture half their goods in the mills and half outside. What account can Government keep of your splints and what control can Government have on you unless it is manufactured in bond, unless there is an inspector on the premises and you manufacture within certain hours. All that means expense and a small factory like yours may have to bear that expense. I am just trying to explain the position to you. As regards the labels, even if you have to buy a machine, it will not be very costly.

*Mr. Shomia.*—What about the imported goods?

*President.*—That is what we have got to consider also. We may have to devise a similar thing for them so that no matches can be sold in the country without a label, imported or made in India to prevent fraud because if we don't have labels on the imported matches, Indian matches may be sold as imported matches without any labels.

*Mr. Shomia.*—How will you be able to check the cottage industries?

*President.*—They can also buy stamps if they want to, but there are no cottage industries here in Bombay.

*Mr. Shomia.*—Tins may be devised by people for selling matches. They will buy sticks and fill these tins and sell in the bazar.

*President.*—Where can they get the sticks? It will be decreed that no match will be sold except in a container with so many sticks.

*Mr. Shomia.*—There are certain factories in Calcutta which make only splints and boxes and sell these to the cottage people. Who in their turn dip the splints and sell on a small scale, say a gross or two gross a day.

*President.*—In the same way you can manufacture liquor in your house or you may manufacture salt in a pan in your house! Supposing there was no alternative but this or a bond system, and we found that the bond system meant hardship to the smaller factories, what alternative would you then suggest.

*Mr. Shomia.*—I have no suggestions to make.

*President.*—In the morning I also explained to you the other methods such as Government monopoly. Can you give an opinion on that?

*Mr. Shomia.*—The stamp system is the best, I think. If there is to be Government monopoly, that will lead to the destruction of small factories because they will have to close down.

*President.*—The industry does not stop at all. When the Government has the monopoly, either the Government itself undertakes manufacture or allows private agencies to manufacture matches and purchases matches from them.

*Mr. Shomia.*—We are against it.

*President.*—Of course it may naturally follow that Government may not have so many factories; they may have only a very few big factories.

*Mr. Shomia.*—Yes, in that case the small factories will have to close down.

*President.*—Supposing Government says that matches can be manufactured only under license and supposing Government itself does not have a monopoly, but a company is formed to buy all these matches from these factories in a certain proportion and at a certain price and then this company sells all these matches, what would you say to that?

*Mr. Shomia.*—The company will then find fault with goods of certain companies.

*President.*—If the Government recommends such a company, Government will see that the company does not behave unfairly. Supposing Government says there will be only two sizes without labels or anything and no fancy marks on them, would not that be cheaper for the consumer because the price will be the same everywhere? There is no competition amongst you as regards labels and so on. Supposing Government are able to buy matches at, say Rs. 1-2-0 and give a certain commission to the company, say 2 annas; then the matches can be sold at Rs. 1-8-0; whereas to-day they are sold at Rs. 2-4-0. So far as the manufacturer is concerned, he gets a profit on the manufacture and Government gets its revenue and the consumer gets matches cheaper by 8 to 10 annas a gross.

*Mr. Shomia.*—That is to say that the profit of the small retailer will be reduced.

*President.*—Yes.

*Mr. Shomia.*—Then the factories will not be profited.

*President.*—We are not concerned with particular factories, we must take the industry as a whole.

I have put to you all the four alternatives. Have you anything to suggest?

*Mr. Shomia.*—I am sorry I cannot suggest anything.

## The Borivli Match Manufacturing Company, Bombay.

*Letter dated the 7th April 1927.*

With reference to your letter No. 209, dated 7th March, I have the honour to enclose herewith 10 copies of the report of our factory and shall thank you to kindly acknowledge receipt of the same.

### *Replies to questionnaire.*

1. Borivli Match Company was established in the month of October 1925. It is unregistered.
2. Being a Japanese concern, capital and management Japanese.
3. Manufacture everything.
4. On beginning.
5. We manufacture now 1,300 gross daily.
6.  $\frac{1}{4}$  inch size average in 50 to 60.
7. About 1,800 cases of 100 gross in the year 1925.
8. Borivli.
  - (A) No.
  - (B) No.
  - (C) Yes.
  - (D) Yes. All the above.
9. (A) No.
  - (B) No.
  - (C) 11 to 13 annas per gross less than the price of imported matches.
10. (A) Yes, for splint imported from Japan.
  - (B) No.
  - (C) No. Rate for splint logs as under:—
    - (1)
    - (2) Rs. 29 per 100 sai c.i.f. Bombay.
    - (3)
    - (4) Rs. 1-8 per 100 sai.
    - (5) Rs. 2 per 100 sai.
11. (A) No Indian wood is used.
  - (B) Sawal, Googar, Mango, etc.
  - (C) Cases are prepared from second-hand planks.
12. (A) No Indian wood is used because no soft white wood obtainable.
  - (B) Yes.
  - (C) Yes.
13. (A) Splint wood for 3,900 cases is 195,000 sai (Japan). Veneer wood for 3,900 cases is 156,000 sai (Japan).
  - (B) As we are working at full capacity the above quantity is sufficient.
14. About three Bengal maunds per 100 gross of case.
15. Size of 50 gross.
 

Size of 100 gross.
16. Wood for veneers is imported from India nearly 400 to 600 miles from Bombay.
17. By contractor and transported by rail.
18. We do not know it.
19. (1) We do not know.
  - (2) We do not know.
- (3) Freight to factory from Chotta Udepur to Borivli of full wagon is Rs. 99 which comes to about 6 tons of wood.

20. We have no concession.
21. Not constant because no proper care is taken.
22. Quantity is not constant and we have to import from the longer distances.
  - (A) Owing to increased output.
  - (B) Because used by other match factories also.
23. Please refer to paragraph No. 13 (A) (for wood) area for mile as in paragraph No. 16.
24. A sufficient supply is assured if cheaper freight is charged.
25. Logs accepted by the Railway Company as the freight of fuel but special concession is necessary.
- 26 to 29. No other raw material except wood is being used.
30. Sufficient unskilled labour except in the monsoon when the labourers go away to till their lands.
31. Skilled labour from abroad is necessary only to a slight extent, *e.g.*, for mixing chemicals.
32. 2 employers imported labourers and their salary is Rs. 350 per month.
33. Indian and Japanese labour work together, skilled Indian labourers being taught every process.
34. Indian workmen are 537 including men and women.  
The average rate of wages comes to Rs. 15 to Rs. 75 per month.
35. Vicinity of the factory.
36. Yes.  
Before making nearly 300 boxes per day but after training them they are making nearly 1,200 boxes per day by hand.  
Before filling nearly 600 boxes per day but after training them they are filling nearly 1,400 boxes per day by hand.
37. No.
38. Oil engine is used.
39. No electric power.
40. No steam power.
41. 1 ton of crude oil per month and 40 gallons kerosene oil per month.
42. Crude oil bought from Bombay at Rs. 75 per ton f.o.r. and kerosene oil bought from Borivli at Rs. 3-4-6 per tin or 4 gallons.
43. No wood fuel is used.
44. Not possible for us to give any estimate.
45. Cannot give opinion.
46. All over the Great Indian Peninsula and Bombay, Baroda and Central India Railway.
47. Except the Bombay market we can compete with the upcountry market.
48. (A) Imported matches generally sold are different in parts only.  
(B) An illicit importation is supposed to be carried on because such matches imported *via* Kathiawar and other state ports are sold cheaper in Bombay than those imported direct into Bombay.
49. Sweden, Czechoslovakia and to some extent Japan.
50. Imported matches do compete with Indian matches either of indigenous woods or imported woods for several reasons.
51. (1) The present prices of imported matches are from Rs. 1-15 to Rs. 2-2 per gross.  
(2) Our prices for matches made of Indian wood are Rs. 1-3 per gross.  
(3) And for imported wood Rs. 1-5 per gross.
52. From bazar.

53. We believe that foreign producers export at a loss, otherwise they cannot sell their matches at Rs. 1-15 to Rs. 2-2 per gross in which is included duty of Rs. 1-8 per gross, if they import through Kathiawar ports even then they must be losing.

54. (A) Yes.

(B) Yes.

(C) Not necessary.

(D) Yes.

(E) Not necessary.

(F) Yes.

(G) Not necessary.

(H) Yes.

(I) Yes.

55. Except the first point, *e.g.*, cost of planks and machinery which must be imported other items can be obtained or employed locally.

56. Ours sufficiently large economically.

57. As ours is a new concern books are unprepared and we do not set aside any sum for depreciation.

58. (A) The descriptions of plant and machines are as under.

(B) No special arrangement.

59. (A) Yes.

(B) Boxes are hand-made. Sticks are machine-made. Box filling is hand-made.

60. (A) No.

(B) No.

61. None.

62 to 64. As ours is a new concern books are unprepared and we do not set aside any sum for depreciation.

65. Ours being a new concern there is no change of estimate.

66. Rs. 135½ to 136 per 100 row.

67 to 74. Ours being a private company no answers are possible.

75.

76. Being a new concern we cannot give any answer.

77. No cost sheets are ready.

78. No.

79 to 80. Being a new concern nothing has been settled.

81. Rs. 1,00,000 for full capacity output.

82. Sometimes we have to borrow from outside.

83. Rs. 50,000 at 12 per cent. per annum.

84. Not prepared.

85. Stock worth Rs. 9,000—about a month passes before amount is realised.

86. Nearly 2 to 3 months' stock of wood is necessary the value of which is about Rs. 30,000.

87. No head office, no managing agent.

88. None.

Rs. 5 per case.

89. Deducting the commission as soon as they are selling.

90. None.

91-93. No reply can be given.

94. (A) Yes.

(B) The industry cannot develop unless it is protected against severe competition of imported goods.



(C) If necessary protection is given for some time the industry will eventually be able to face world competition without protection.

95. (A) We claim that the match industry is such that last scale production can be made

(B) That home production will easily supply the need of the country.

96. The labour being cheap raw materials can be easily obtained if special rates of freight are charged and as there is a heavy incontinuous demand for matches this industry can prosper easily.

97. (A) The existing custom duty is not quite sufficient to protect the industry.

(B) Same case as A.

98. Our opinion is that the present import duty of Rs. 1-8 should be either increased or maintained.

99. Transport facilities should be given and cheaper rates for soft woods should be charged. Government should encourage to manufacture chemicals necessary for the industry. Government also should protect the industry against dumping in the market of matches manufactured by foreign concerns with foreign capital. The Government should advance money to the Indian concerns with Indian capital at a cheaper rate of interest than ordinarily obtainable in the market.

Regarding Forms 1 and 11 we beg to inform you that we opened our factory nearly 17 to 18 months ago and we have not prepared our account book as yet but approximately expenses on one case of 100 gross of first class matches are Rs. 115 for which we have not calculated, so that we have not filled up and sent to you, please note.



सत्यमेव जयते

## THE BORIVLI MATCH MANUFACTURING COMPANY.

B.—ORAL.

**Evidence of Mr. KERAWALLA, and Mr. K. SHIMAMOTO, recorded  
at Bombay on Wednesday, the 30th November 1927.**

*Introductory.*

*President.*—Mr. Kerawalla, you represent the Borivli Match Manufacturing Company?

*Mr. Kerawalla.*—Yes.

*President.*—What is your interest in the Company?

*Mr. Kerawalla.*—I am working as manager.

*President.*—Who are the proprietors?

*Mr. Kerawalla.*—Mr. K. Shimamoto is the sole proprietor.

*President.*—Did he do any business in India before starting the Borivli Match Company?

*Mr. Kerawalla.*—Yes, he had a glass factory in India before the war.

*President.*—When did he stop manufacturing glass?

*Mr. Kerawalla.*—He worked in the glass works for only one year.

*President.*—Did you carry on match business before October 1925 in India?

*Mr. Kerawalla.*—No. We only started the factory in the month of October 1925.

*President.*—Did he go back to Japan after he left the glass factory?

*Mr. Kerawalla.*—Yes.

*President.* Had he any interest in the manufacture of matches in Japan?

*Mr. Kerawalla.*—No.

*President.*—Where did you learn match manufacture?

*Mr. Shimamoto.*—I brought workmen from Japan to India in 1925 for the purpose of match manufacture.

*President.*—Are there any factories in Japan owned by foreigners?

*Mr. Shimamoto.*—The Swedish people have got match factories there.

*President.*—Are they entirely owned by the Swedes or in partnership with the Japanese?

*Mr. Shimamoto.*—I think in partnership with the Japanese.

*President.*—What interest has the Swedish Match Company got in the match business in Japan?

*Mr. Shimamoto.*—I do not know.

*President.*—It is only recently that the Swedish Match Company has begun to own a share in the match business in Japan.

*Mr. Shimamoto.*—After the war the Swedish Match Company opened factories in Manchuria and then they came to Japan and joined the Japanese manufacturers.

*President.*—You have no personal knowledge what interest they have in Japan, have you?

*Mr. Shimamoto.*—No.

*Dr. Matthai.*—Were you ever engaged in the manufacture of matches in Japan?

*Mr. Shimamoto.*—No.

*President.*—According to the Japanese law can a foreigner own landed property in Japan?

*Mr. Shimamoto.*—That I do not know; but, of course, any foreigner can do business in Japan: it is an open country. Take the case of the Dunlop Company; they are manufacturing tyres in Japan.

*President.*—Have they got Japanese partners?

*Mr. Shimamoto.*—No.

*Dr. Matthai.*—If you were not engaged in the manufacture of matches, where did you get your experience?

*Mr. Shimamoto.*—I brought Japanese workmen who knew all about it.

*Dr. Matthai.*—What made you start this business in India in 1925?

*Mr. Shimamoto.*—First of all we were dipping the splints only and getting boxes from Japan and as soon as the machinery arrived here we started manufacture in Bombay in January 1926.

*Dr. Matthai.*—Did you import splints also?

*Mr. Kerawalla.*—We were importing boxes only.

*Dr. Matthai.*—And you made splints out of Japanese logs?

*Mr. Kerawalla.*—Yes.

*Dr. Matthai.*—Could you not make the boxes here at that time?

*Mr. Kerawalla.*—At that time we had no machinery.

*Dr. Matthai.*—But you don't make boxes even now by machine?

*Mr. Kerawalla.*—We were getting ready made boxes from Japan.

*Dr. Matthai.*—What was the price of the ready made boxes in Japan then?

*Mr. Kerawalla.*—17 yen per one case of 16,500 boxes.

*Dr. Matthai.*—What is that equivalent to in rupees?

*Mr. Kerawalla.*—At that time the exchange was Rs. 135 to Rs. 138 per 100 yen.

*Dr. Matthai.*—That is second hand boxes?

*Mr. Kerawalla.*—New boxes.

*President.*—You were paying 17 yen for boxes with labels and everything else?

*Mr. Kerawalla.*—No; labels we used to put here. Over and above that there was 13 per cent. for freight, insurance and commission and 6 annas per lb. import duty. These cases really weighed 93 lbs. to 94 lbs. and sometimes even 95 lbs., each case containing 16,500 boxes.

*Mr. Mathias.*—That is Rs. 22 per 114 gross.

*Mr. Kerawalla.*—Yes, at an exchange of Rs. 133 per 100 yen.

*President.*—At that time what did the splints cost you?

*Mr. Kerawalla.*—Rs. 12 per case of 100 gross undipped splints.

*Mr. Mathias.*—That is between 9 and 10 annas a gross.

*Mr. Kerawalla.*—Yes. At that time we were selling at Rs. 1-11-0 per gross.

*President.*—How much did 100 gross of matches cost you at that time?

*Mr. Kerawalla.*—About Rs. 125 per case, but I am not quite sure.

*President.*—That is equal to Rs. 1-4-0 a gross and you got Rs. 1-11-0?

*Mr. Kerawalla.*—Yes; we sold at that rate for three months only.

*President.*—In January 1926 it dropped down to Rs. 1-8-0; then you started manufacturing boxes here?

*Mr. Kerawalla.*—Yes.

*President.*—What was your cost in 1926?

*Mr. Kerawalla.*—It was Rs. 10 less than what it is now, that is to say, about Rs. 115; that is not for Japanese wood but Indian wood boxes. At the end of January we got Indian wood and from March 1926 we began to make Indian sticks and Indian boxes.

*President.*—Do you make Indian sticks now? Have you got any samples of matches made out of Indian wood—splints and boxes complete?

*Mr. Kerawalla.*—Yes (shown).

*President.*—What wood is it?

*Mr. Kerawalla.*—Savar.

*President.*—Are your matches impregnated?

*Mr. Kerawalla.*—No.

*Dr. Matthai.*—Your full capacity is 1,300 gross a day, is it?

*Mr. Kerawalla.*—Just now it comes to nearly 1,500 gross. In the month of September we were producing 1,500 to 2,000 gross a day but just now we cannot do that because cannot get sufficient labour.

*Dr. Matthai.*—If you had sufficient labour you could produce 2,000 gross a day?

*Mr. Kerawalla.*—Yes.

*Dr. Matthai.*—You say you produced about 1,800 cases in the year 1925-26: Is that the total output for the whole year?

*Mr. Kerawalla.*—From October 1925 to September 1926.

*Dr. Matthai.*—You produced during that period at the rate of 600 gross a day.

*Mr. Kerawalla.*—Yes. At that time, we had not sufficient machinery which we received only at the end or beginning of January 1926.

*Dr. Matthai.*—Since September 1926 you have been producing at the rate of 1,300 to 1,500 gross a day.

*Mr. Kerawalla.*—Yes.

*Dr. Matthai.*—You can produce 1,800 gross a day if you get sufficient labour.

*Mr. Kerawalla.*—Yes.

*President.*—In your case, it is simply a question of getting more labour to increase your production.

*Mr. Kerawalla.*—Now we will not be in a position to make any more increase in our production because we have not got sufficient machinery. If we want to do more, we require still more machinery.

*President.*—What machines have you got?

*Mr. Kerawalla.*—We have chopping, veneering and splint making machines.

*President.*—You have filling and emptying machines.

*Mr. Kerawalla.*—Yes, but each and every work is done by hand.

*President.*—Do you think that you find it more economical to use hand labour than machinery?

*Mr. Kerawalla.*—Of course, if we do our work by machinery, it will be cheaper.

*President.*—What would happen to your factory if people started making matches by machine?

*Working at a loss.*

*Mr. Kerawalla.*—Up till now we have been working at a loss?

*Mr. Mathias.*—You are losing, are you?

*Mr. Kerawalla.*—Yes.

*Mr. Mathias.*—What is your selling price?

*Mr. Kerawalla.*—Rs. 115 per case.

*President.*—That means Rs. 1-2-6 per gross.

*Mr. Kerawalla.*—Yes, and we are selling at Rs. 1-3-9 to Rs. 1-4-6 per gross, out of which we are paying about Rs. 4 per case commission to our selling agent.

*President.*—That comes to more than half an anna a gross.

*Mr. Kerawalla.*—Yes. Then, there is the cash discount of 1 per cent. which we give to our merchant.

*President.*—Is there any other charge?

*Mr. Kerawalla.*—There is the cash credit of 12 per cent. which we have to pay to our agent for advancing money against railway receipt. If we don't give this, we can only get money after about a fortnight from the merchant.

*President.*—Your agent discounts all your bills practically and charges you 15 days' interest.

*Mr. Kerawalla.*—Yes.

*President.*—That means you have to pay about an anna per gross in all.

*Mr. Kerawalla.*—Yes.

*President.*—That will leave you about Rs. 1-3-6. Your cost on the other hand is Rs. 1-2-6. So, you can't be working at a loss.

*Mr. Kerawalla.*—Yes, but we have taken money from outside—nearly Rs. 50,000, on which we have to pay interest at the rate of 9 per cent. *plus* Rs. 2-8-0 commission per case of matches that we may manufacture.

*President.*—To whom have you to pay this commission?

*Mr. Kerawalla.*—To the man who has lent us the money.

*President.*—That is a very expensive way of doing business, is it not?

*Mr. Kerawalla.*—Yes. If Government will help us with some money at a lower rate of interest, we will be pleased.

*President.*—No doubt you will be pleased. Even so, according to your own figures, you make a profit of one anna a gross. You produce about 1,300 gross a day. In a year, you make about 4,00,000 gross. So, the profit on one year's output will be about Rs. 25,000. That is not a bad return on Rs. 50,000, is it?

*Mr. Kerawalla.*—Out of that we have to pay a commission of Rs. 2-8-0 per case to the man who has lent us the money, and besides that Rs. 2,000 as instalment towards repayment of the loan.

*President.*—You can dispose of this profit of Rs. 25,000 in any way you like, but if you are not able to secure money under better conditions we can't help you.

*Mr. Kerawalla.*—Rs. 50,000 we have taken as loan and about Rs. 60,000 has been invested by Mr. Shimamoto.

*Dr. Matthai.*—What is the total capital?

*Mr. Kerawalla.*—Nearly Rs. 1,20,000.

*Dr. Matthai.*—That gives you a return of about 20 per cent.?

*Mr. Kerawalla.*—The profit is only half anna a gross not one anna a gross; that is wrong.

*Mr. Mathias.*—Rs. 1-2-6 you give as the cost and Rs. 1-4-6 as the selling price?

*Mr. Kerawalla.*—The selling price will be Rs. 1-4-0 because Rs. 1-4-6 is the price of one or two cases only whereas during February to May we were making only second class matches.

*President.*—They will cost you less so that it comes to the same thing.

*Mr. Kerawalla.*—Only the cost of wood is a little lower but the cost of labour, cost of chemicals and so on are the same.

*President.*—The cost of wood would make a lot of difference.

*Mr. Kerawalla.*—Not much.

*President.*—What is the price of aspen?

*Mr. Kerawalla.*—£7-10-0 c.i.f. Bombay per ton of 50 c. ft. That comes to about Rs. 120 including carriage, Port Trust fees, etc. The cost of Indian wood comes to Rs. 47 per ton, but there is more wastage in the Indian wood.

*President.*—For wastage add 15 per cent. or Rs. 8; that will raise the price to Rs. 55.

*Mr. Kerawalla.*—The wastage would be 20 to 23 per cent.

*President.*—Make it Rs. 60 if you want. Even then your cost is reduced by a half.

*Mr. Kerawalla.*—But the selling price of matches made out of Indian wood is only Rs. 1-1-0 per gross.

*President.*—How many cubic feet of aspen do you use for veneers and boxes?

*Mr. Kerawalla.*—15 c. ft.

*Dr. Matthai.*—In answer to question 13 you give us some figures—splint wood for 3,900 cases 195,000 sai, veneer wood for 3,900 cases, 156,000 sai (Japan). A sai is equal to how much in c. ft.?

*Mr. Kerawalla.*—I do not know.

*Dr. Matthai.*—Do you import direct?

*Mr. Kerawalla.*—Yes.

*Dr. Matthai.*—Do you pay the freight yourself?

*Mr. Kerawalla.*—Yes, at 40 c. ft. to the ton.

*Dr. Matthai.*—40 c. ft. are equal to how many sai?

*Mr. Kerawalla.*—I do not know.

*Dr. Matthai.*—You get your Indian wood from Udepur, do you not?

*Mr. Kerawalla.*—Yes.

*Dr. Matthai.*—Have you got a concession at Udepur?

*Mr. Kerawalla.*—We went as far as that last year because we want only savar. We have also used googal but by the time it comes to our factory it gets dry, and we lose on that.

*Dr. Matthai.*—You go so far as Udepur for Simul?

*Mr. Kerawalla.*—Yes.

*Dr. Matthai.*—What is the distance from Udepur to your factory?

*Mr. Kerawalla.*—About 500 miles.

*Dr. Matthai.*—Have you got a concession at Udepur?

*Mr. Kerawalla.*—We have got concession on the B., B. and C. I. Railway to carry our wood at fuel rate.

*Dr. Matthai.*—From whom do you buy the wood at Udepur?

*Mr. Kerawalla.*—From the contractors. They deliver it at our station at Borivli and we pay Rs. 47 per ton.

*Dr. Matthai.*—Could you not get your wood from some of these areas near Bombay and get it somewhere near Rs. 40 a ton as other people do?

*Mr. Kerawalla.*—On the Basin side also there is only one contractor who supplies 3 wagon loads and on the Thana side there is another contractor who supplies 2 wagons so that there is nothing left for us.

*President.*—As regards labour you say that sufficient unskilled labour is available except in the monsoon when the labour goes away to till the land. We have not heard of any complaint about that?

*Mr. Kerawalla.*—Even now you will see that we have not got sufficient supply of labour. Then again there was a strike in our factory last month and they demanded more money.

*President.*—Did you cut the wages or what?

*Mr. Kerawalla.*—They came and said "The Santa Cruz people are paying so much, why should you not pay more? If you don't, we won't go to your factory."

*Mr. Mathias.*—Do you work direct or through the contractor?

*Mr. Kerawalla.*—Direct.

*Mr. Mathias.*—How long did the strike last?

*Mr. Kerawalla.*—Nearly 15 days.

*Mr. Mathias.*—What was the result?

*Mr. Kerawalla.*—We had to stop our factory for 15 days and after that they came back of their own accord. They say our factory is far away from the station and they find it difficult to come and work in our factory.

*Mr. Mathias.*—You did not give them any more money?

*Mr. Kerawalla.*—No.

*President.*—You say before they were trained they were making nearly 300 boxes per day: what wages were you paying them then?

*Mr. Kerawalla.*—We were paying at the rate of one rupee per 1,000 boxes.

*President.*—And they made nearly 300 boxes?

*Mr. Kerawalla.*—That was only the new men but the trained men could make at least 1,200 to 1,500 boxes.

*President.*—What are you paying now?

*Mr. Kerawalla.*—We are paying 15 annas per thousand.

*President.*—You have reduced the wages by one anna?

*Mr. Kerawalla.*—Yes, 1 anna per 1,000 boxes.

*President.*—And for filling what did you pay before?

*Mr. Kerawalla.*—2 annas 6 pies per 200 boxes and now 1 anna 9 pies for 200 boxes for filling.

*President.*—And you say they fill 1,400 boxes a day now?

*Mr. Kerawalla.*—Some only, not all. Some are doing 4 or 5 trays (thali) while others make much more so that it will come to an average of 1,200 boxes.

*President.*—What would happen when you find that people using machinery are producing matches at cheaper rate than yours? You will have to cut down your wages, will you not?

*Mr. Kerawalla.*—If we get more labour we will cut down otherwise we can't do that.

*President.*—If you don't cut down you will have to close down.

*Mr. Kerawalla.*—That is so.

*President.*—In that case what would you do?

*Mr. Kerawalla.*—If we incur more losses we will have to close down. First of all we will ask our labour to accept lower wages; if they do that well and good, if not we will have to close down.

#### *Markets.*

*President.*—As regards your market, you say except in the Bombay market, you can compete in the up-country markets. You cannot compete in Bombay at all, can you?

*Mr. Kerawalla.*—We can compete but the trouble is that all Indian dealers require Swedish goods. We had been selling here last year but the merchants say they are not going to buy our goods any more.

*President.*—Whose goods do they buy now?

*Mr. Kerawalla.*—Swedish and Ambarnath goods.

*Mr. Mathias.*—But Ambarnath matches are not foreign matches, are they?

*Mr. Kerawalla.*—They call those matches as Swedish matches: Indian buyers think they are Swedish matches.

*President.*—So you say you find it impossible to sell your matches in Bombay?

*Mr. Kerawalla.*—Yes. We have recently put on the market a new label called the "Sepoy" brand: it does not bear our name on the box, and so we are able to sell them at Null Bazar. Thus you will find that when we do not put a name on the box people think they are foreign matches and buy them.

*President.*—Then why have a name at all, if that is all that is required?

*Dr. Matthai.*—I take it you get your labels printed in Japan?

*Mr. Kerawalla.*—No, we get them printed in Bombay?

*President.*—Where do you sell most of your matches?

*Mr. Kerawalla.*—In Mysore, Hubli, Sholahpur and so on.

*President.*—You sell them to your agents here and they send them on to those different places?

*Mr. Kerawalla.*—Yes.

*Dr. Matthai.*—You don't sell any in Northern India?

*Mr. Kerawalla.*—We have not got many customers there.

*President.*—Does not the Swedish Match Company compete against you in Mysore?

*Mr. Kerawalla.*—Yes; they competed in September. At that time we were selling at Rs. 1-6-0: that was our Pearl brand, but when the Swedish match began to sell at half an anna less we also had to reduce our price.

*President.*—Which of their labels compete against your Pearl brand?

*Mr. Kerawalla.*—They have two or three labels competing against us.

*President.*—On this particular match box that we have here you have put your name?

*Mr. Kerawalla.*—Yes. Formerly we used to put our name on the label but when we found that people did not want to buy our brand, we began selling our brand without any name at all and we were able to sell them even in Bombay.

*Mr. Mathias.*—And you get a better price for these matches, do you?

*Mr. Kerawalla.*—No. Swedish (Ambarnath) matches are selling at Rs. 1-4-6 to Rs. 1-4-0 now in Bombay.

*Mr. Mathias.*—Surely what you allege is contrary to the Swedish policy. If they put Indian made matches on the market and give people to understand that they are foreign matches, that stops the sale of their imported matches. That is contrary to their policy, is it not? Their policy is to sell as many imported matches as they can and we understood that they had organized retail sale in Bombay with that object in view. If they put their Indian made matches in Bombay at a rate lower than their Swedish matches and give people to understand that Indian made matches are Swedish, that would simply knock out the Swedish matches, would it not?

*Mr. Kerawalla.*—They do not put their name on it to show that they are made in India.

*Mr. Mathias.*—But the result is the same, it stops the sale of their Swedish matches if the nameless match is sold in the market. That is contrary to their policy altogether. We are getting different accounts of the aims and objects of the Swedish concern and it is very difficult to reconcile them. On the one hand we are told that the object of the Swedish concern is to sell as many Swedish matches as they can and, on the other hand, you say they put their Indian matches on the market at a very low rate and call them foreign matches.

*Mr. Kerawalla.*—The Swedish people do not call them Swedish matches but the Indian consumer believes that these are foreign.

*Mr. Mathias.*—The Swedish people would take pains to make people understand that they are not foreign matches because it is to their interest to do so?

*Mr. Kerawalla.*—They make at least four different qualities.



*Mr. Mathias.*—Take their “Panpatty” brand for instance. If that goes on the market as a foreign match that is surely not going to do much good to them?

*Mr. Kerawalla.*—That is an inferior quality on which they put their name but on the first quality they are not putting their name Wimco.

*President.*—They put their name on all classes and qualities of matches—that is what they say. When they do not put a name it is supposed to be of very inferior quality. In answer to question 99 you say “Government should protect the industry against dumping in the market of matches manufactured by foreign concerns with foreign capital”. Do you want a duty to be levied against yourselves?

*Mr. Kerawalla.*—That is an excise duty.

*President.*—You are a foreign company: what difference is there between you and the Swedish Company? Both concerns are foreign concerns. We cannot say “The Swedish Company is a foreign company, put an excise duty on it; the Japanese company is also a foreign company but no excise duty is to be put on it”. Can we say that?

*Mr. Kerawalla.*—Suppose anything happens to this concern and it is compelled to close down then the Indians who have paid money into it will suffer.

*Dr. Matthai.*—The bulk of the capital of this company is foreign, is it not?

*Mr. Kerawalla.*—That was when we first opened the factory.

*President.*—More than half the capital is foreign capital, isn't it?

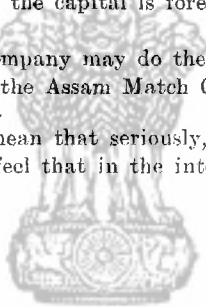
*Mr. Kerawalla.*—Yes.

*President.*—The Swedish company may do the same thing?

*Mr. Mathias.*—Actually in the Assam Match Company there is a substantial portion of Indian capital.

*President.*—So you don't mean that seriously, do you?

*Dr. Matthai.*—Unless you feel that in the interest of India you ought to be taxed specially.



सत्यमेव जयते

## The Swadeshi Match Manufacturing Company, Bombay.

*Letter, dated 19th April 1927.*

With reference to your circular of the 7th March enclosing questionnaire for the protection of Match Industry, we beg to send you herewith six copies of our reply and trust same will be found in order.

*Replies to questionnaire.*

### INTRODUCTORY.

1. This firm was established in May 1923 and was purchased by us on the 4th of June 1926. It is a private Partnership Company, unregistered.
2. The capital is entirely Indian.
3. We undertake the whole process of manufacture.
4. On the 4th June 1926.
5. About 18 cases, each of 100 gross.
6. Half size boxes containing each about 60 splints.
7. Monthly average of 110 cases each of 100 gross during the last 10 months.
8. At Ghatkoper in the Ghatkoper-Kirol Industrial area.
- (a), (b), (c), (d) Normal. Where there will be cheap and enough labour and wood.
9. They are so to some extent but are due to hand-manufacturing.
- (b) No.
- (c) About 4 annas.

### *Raw Materials.*

#### *Wood.*

10. Yes; for splints or veneers to some extent, both for about half of the year.

From Japan:—

#### Flakings—

- |   |           |   |
|---|-----------|---|
| 1 | . . . . . | 16½ Yen per hundred sai.                    |
| 2 | . . . . . | Any port in Japan (aspen logs from Sweden). |
| 3 | . . . . . | 49 per cent.                                |
| 4 | . . . . . | Annas 12.                                   |
| 5 | . . . . . | Re. 1 per piece.                            |
| 6 | . . . . . | 15 per cent.                                |

11. Sawar or Simal, Googal, Mango, Kakad, Mohini.
12. Soft and white is satisfactory.
15. 32"×28"×29" locally purchased. 100 gross capacity.
16. Panchmahal District, Gujerat, and Ratnagiri District.
17. By railway and cart.
18. Purchase from contractors.
19. (3) Rs. 15 from Panchmahal.
- (4) Rs. 5 per ton.
21. Normal supply for six months (monsoon excepted).
22. Normal supply for six months (monsoon excepted).
24. Assumed by contractors except during monsoon. But factory should have foreign logs on which no duty should be increased.
25. No adequate concession from the railways and the freight rates have been the worst disadvantage in the way of cheap supplies of wood.

*Other raw materials.*

- 26. Match chemicals, box papers, etc.
- 27. Chemicals alone come to Rs. 13-8-0 per case of 100 gross.
- 28. Imported goods obtained locally from Agents.

*Labour.*

- 30. No difficulty.
- 31. Not necessary.
- 32. We do not employ.
- 33. No imported labour employed; all manufacture by Indians.
- 34. At present about 300 workmen in the factory and about the same number of home workers.
- 35. From the vicinity.
- 36. Indian labour is satisfactory.
- 37. They have got their own houses in the neighbouring villages.

*Power.*

- 38. Oil engine.
- 39. Electric power not available.
- 40. No steam power.
- 41. Rs. 200 per month for fuel oil.
- 42. Our fuel is not wood.

*Market.*

- 45. Yes, but slowly.
- 46. Demand from all parts of India.
- 47. Yes, in Central Provinces and in the Punjab.
- 48. (a) To a greater extent than matches made by Indian factories with Indian capital.
- (b) We hear so.

*Competition.*

- 49. Sweden and Japan.
- 50. With the existing duty the competition cannot be success.
- 52. From Imports Agents.
- 53. In our opinion foreign concerns with factories established in India undersell their matches made outside India, in order to corner the trade.
- 54. Yes.
- (a) Yes.
- (b) No.
- (c) No.
- (d) Yes.
- (e) Yes.
- (f) Yes.
- (g) Yes.
- (h) Yes.
- (i) No, if the industry is protected.
- 55. Temporary if Government will help (h), (i), (f) and (d). If unprotected by Government will be permanent (a), (c) and (g).
- 56. Yes.
- 57. About 60 per cent. (including building and plant).
- 58. Japanese and German: 2 Inner, 2 Outer, 9 Framing, 3 Emptying and peeling machines.

- (b) No special arrangements.  
 (c) Consider it sufficient with the existing duty.  
 59. (b) Box-making and box-filling (with tipped splints chiefly).  
 60. Yes, when duty is declared protective.  
 61. We get few parts which could be made here.

*Capital account.*

62. Total amount of Rs. 90,000 is invested in our factory.  
 63. Actual amount of our purchase was about Rs. 50,000 for the plant, land, building and machinery.  
 65. (a) Rs. 50,000.  
 (b) Rs. 50,000 opening would be smaller if new machines are fixed.  
 67. Private company.  
 74. Rs. 25,000 for all purposes.

*Works cost.*

76. Yes.  
 (5), (6), (7), (8), (9) Will be greatly reduced.  
 77. No.  
 78. No.

*Overhead Charges.*

(i) *Depreciation.*

79. 10 per cent.

(ii) *Working capital.*

81. About Rs. 30,000.  
 (i) Rs. 50,000.  
 (ii) Excluding ready stocks.  
 82. Necessary to borrow.  
 84. 9 to 12 per cent. per annum.  
 85. About 100 cases valued at Rs. 12,000.  
 86. Yes, of raw materials and stores.

*Manufacturers' profits.*

- 91, 92, 93. Private company.

*Claim for protection.*

94. Yes.  
 (a) Yes.  
 (b) Yes.  
 (c) Yes. Representation in this respect made by the President of the Indian Match Manufacturers' Association, with details.  
 95. (a) Yes.  
 (b) Yes.  
 96. Yes.  
 97. (a) Re. 1-8 duty.  
 98. Excise duty as high as possible on the output of the Factories wholly or mainly with foreign capital and present Customs duty should be maintained and declared protective.  
 99. Mr. Huseinbhai Lalljee's remarks on the representation of the Indian Match Manufacturers' Association, on pages 15, 1, 2, 3, 4, 5 and 6.

# THE SWADESHI MATCH MANUFACTURING COMPANY.

B.—ORAL.

**Evidence of Mr. T. A. VASI, recorded at Bombay on Wednesday, the 23rd November, 1927.**

*Introductory.*

*President.*—Mr. Vasi, are you the proprietor of the Swadeshi Match Manufacturing Company?

*Mr. Vasi.*—I am a partner.

*President.*—I do feel that these answers that you have sent us are not very satisfactory. You have not attempted to give answers in many cases and where you have given answers, they are very incomplete.

*Mr. Vasi.*—The factory was newly purchased at the time we sent in our answers and we were not thoroughly experienced.

*President.*—Do you mean to say that the factory is newly purchased?

*Mr. Vasi.*—It was purchased last year.

*President.*—Did you purchase it from somebody else?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—It was working for three years before you purchased it?

*Mr. Vasi.*—Yes.

*President.*—Who did you purchase it from?

*Mr. Vasi.*—It was a limited liability company, the Swadeshi Match Manufacturing Company Limited.

*Dr. Matthai.*—It is now a partnership company?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—How many partners are there?

*Mr. Vasi.*—There are two.

*President.*—Why was the company sold?

*Mr. Vasi.*—That I do not know.

*President.*—Had you any interest in the Limited Liability Company?

*Mr. Vasi.*—No.

*Dr. Matthai.*—Before you bought it, was the company making splints and veneers or were they importing undipped splints?

*Mr. Vasi.*—I do not know.

*Dr. Matthai.*—You have bought no machinery since the company was purchased?

*Mr. Vasi.*—No.

*President.*—You say you undertake the whole process of manufacture. You have not given us much detail as regards your equipment and I just wish to understand what processes you carry out by machinery and by hand. The only machines that you use, I take it, are the cutting and peeling machines.

*Mr. Vasi.*—Yes.

*President.*—Are the frame filling machines worked by power or are they worked by hand?

*Mr. Vasi.*—By hand.

*President.*—So that the only power driven machines you have are the cutting and the peeling machines?

*Mr. Vasi.*—Yes.

*President.*—Frame emptying is also done by hand, is it not?

*Mr. Vasi.*—Yes.

*President.*—As regards drying have you any mechanical driers?

*Mr. Vasi.*—We have got a hot chamber, a separate room with corrugated sheets.

*President.*—But it is very largely done in the open air in the dry weather?

*Mr. Vasi.*—Yes, in the summer it is generally done in the open air.

*President.*—You have no polishing machines either as far as I remember?

*Mr. Vasi.*—No.

*President.*—Your boxes are also made by hand.

*Mr. Vasi.*—Both by hand and machine.

*President.*—In what proportion?

*Mr. Vasi.*—There are four machines, two outer and two inner box making machines.

*President.*—How many boxes do the machines turn out and how many boxes are made by hand?

*Mr. Vasi.*—2 machines turn out 1 lakh outer and the two inner box machines turn out 60,000. The remaining 40,000 inner boxes are made by hand.

*Dr. Matthai.*—You are really speaking of the capacity of the box making machinery and not of the actual extent to which the machinery is used. Tell me this—your monthly average last year was 110 cases. Out of that how much was done by hand?

*Mr. Vasi.*—At that time nearly the whole quantity was made by hand.

*President.*—You make about 440 gross a day; out of that to-day how many boxes do you make by hand and how many by machinery? Are these two machines sufficient to give you 440 gross per day?

*Mr. Vasi.*—No.

*President.*—Can't you give me some idea as to how much these two machines can produce per day?

*Mr. Vasi.*—The full capacity is 1 lakh outer and 60,000 inner boxes in a day.

*President.*—According to this you ought to produce the whole quantity by machinery?

*Mr. Vasi.*—Yes, but at times the machines go out of order.

*President.*—But if the machines did not get out of order you could get 400 gross per day of inner drawers and 700 gross of outer boxes.

*Mr. Vasi.*—Yes.

#### *Machinery v. Hand-manufacture.*

*Dr. Matthai.*—Although you have these box making machines you would prefer to get your boxes made by hand rather than by machine; is it more advantageous to do the work by hand?

*Mr. Vasi.*—It is dearer.

*Dr. Matthai.*—To do by hand is dearer?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—But is there less wastage when you do it by hand?

*Mr. Vasi.*—That is so.

*Dr. Matthai.*—Last year when your output was 400 gross a day, although you had these machines which had a capacity of turning out sufficient boxes, for 400 gross a day, you apparently did not use the machines to anything like the full extent.

*Mr. Vasi.*—The machines were not working at that time.

*Dr. Matthai.*—Why not?

*Mr. Vasi.*—We had no mechanic to work the machines.

*President.*—Would I be right if I said you make everything by hand except cutting, peeling and the inner and outer boxes?

*Mr. Vasi.*—That is right.

*President.*—But you say in your answer to question 34 that you have 300 workmen in the factory and about the same number of home workers. What work is done by these home workers?

*Mr. Vasi.*—They make the inner and outer boxes at home.

*President.*—How can they, when you can make only 400 gross per day and your machines can turn out one lakh outer and 60,000 inner boxes?

*Mr. Vasi.*—Last year the machines were not working.

*President.*—I am talking of the present?

*Mr. Vasi.*—The machines at times go out of order and we have to give out work outside.

*President.*—That would be casual work; it would not give employment to 300 people outside. To-day how many men have you in the factory and how many outside?

*Mr. Vasi.*—About 225 to 250 are working in the factory.

*President.*—And outside it must be very much fewer.

*Mr. Vasi.*—They are fewer.

*President.*—It must be quite a small number.

*Mr. Vasi.*—As the machines are working now there are only casual outside workers which are very few.

*President.*—By reason of your employing lesser men have you had any labour trouble?

*Mr. Vasi.*—No, though they complained that they were getting less work and they were being driven out of employment.

*President.*—There was no strike or anything of that sort?

*Mr. Vasi.*—No.

*President.*—These people have been able to find other employment, have they?

*Mr. Vasi.*—They can get veneers from other factories also.

*President.*—Have you been able to ascertain what saving you have been able to effect by using machines instead of employing manual labour?

*Mr. Vasi.*—There is more profit.

*President.*—Can you give me some idea as to how much it is. Have you been able to save in wages by using more machinery?

*Mr. Vasi.*—Yes, about Rs. 6 to Rs. 7 per 100 gross.

*Dr. Matthai.*—That would be about an anna per gross?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—That is to say you save Rs. 7 by doing the work on the machine?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—That is taking into account the wastage also?

*Mr. Vasi.*—That has not been taken into account.

*Dr. Matthai.*—If you took the wastage into account, have you any idea what would be the saving?

*Mr. Vasi.*—I have not ascertained that, but I think it would be about Rs. 5 to Rs. 6.

*Dr. Matthai.*—You say in answer to question 9 that “the prejudice against Indian matches is due to hand manufacturing to some extent. Does the fact that you get a great deal of your work done by hand affect the quality of your matches and your boxes to such an extent that prejudice is thereby created against you?

*Mr. Vasi.*—That is true but that refers to the second quality only.

*Dr. Matthai.*—Let us take your boxes which are made by hand and the boxes made by machine. Apart from the question of cost and the question of wastage, does the quality of the machine made box differ from the quality of the hand made box?

*Mr. Vasi.*—Machine made boxes are better.

*Dr. Matthai.*—In what way?

*Mr. Vasi.*—In quality. It is cleaner and has a better appearance because when veneers are given to home workers, the boxes are very often made by children and they are not worked properly.

*Dr. Matthai.*—What is your experience; do you find that it is difficult to use Indian veneer on the machines?

*Mr. Vasi.*—No, but there is a little more wastage.

*Dr. Matthai.*—You have had experience of boxes made both out of aspen and out of Indian wood. If you take the machine method of manufacturing boxes, does aspen stand handling by machine much better than Indian wood?

*Mr. Vasi.*—Aspen is better.

*Dr. Matthai.*—Do you mean that it lends itself better to making by machine?

*Mr. Vasi.*—Yes.

*President.*—As regards hand manufacture, in the monsoon do you find any difference in the quality of matches made by hand as regards dipping and drying and so on?

*Mr. Vasi.*—There is trouble about drying and so the quality of matches is not quite so satisfactory in the monsoon.

*President.*—Because the dipping is done by hand.

*Mr. Vasi.*—Yes.

*President.*—Also drying is done in a corrugated shed, as far as I can see, without any mechanical appliances?

*Mr. Vasi.*—That is so.

*President.*—That would also help to create some prejudice against Indian made matches, would it not?

*Mr. Vasi.*—There is no difference in quality but more time is required for drying the matches.

*President.*—That would increase your expenses, would it not?

*Mr. Vasi.*—Yes. We have to spend much more on chemicals and for the drying process.

*President.*—Does hand painting make the sides uneven as compared with machine painting.

*Mr. Vasi.*—We have not got a machine for side painting and I have no idea.

#### *Markets.*

*President.*—I think you have said in answer to question 8 as regards market that you are normally situated. In dealing with your market in question 47 you say that your principal market is in the Central Provinces and in the Punjab. Apparently you have no market in Bombay. Do you sell any matches in Bombay?

*Mr. Vasi.*—We are now selling in the town of Bombay, but Gujrat is our principal market.

*President.*—Are you able to sell in Bombay?

*Mr. Vasi.*—Yes.

*President.*—What brands are you selling in Bombay?

*Mr. Vasi.*—These are the seven brands that we sell in Bombay, viz., Village View, Zef brand, Nandi brand, Crescent brand, (black and red, 2 kinds), Brush brand and Pineapple brand.

*President.*—Can they be had in any shop here?

*Mr. Vasi.*—Yes.

*President.*—Since how long have you been able to sell these matches in Bombay?



*Mr. Vasi.*—For the last two or three months.

*President.*—Can you tell me how many gross per day you can sell in Bombay out of your production?

*Mr. Vasi.*—30 to 40 cases per month.

*President.*—And how much in Gujrat?

*Mr. Vasi.*—I cannot say for certain.

*President.*—In what part of Gujrat do you sell your matches?

*Mr. Vasi.*—Surat, Bulsara and in the Tapti Valley.

*President.*—Do you sell direct to Gujrat or do you sell your matches to agents in Bombay who in their turn sell to people in Gujrat?

*Mr. Vasi.*—There is one agent here and we sell our matches to him; but now-a-day people are also coming from outside Bombay.

*President.*—Can you not tell me how much you sell in Bombay?

*Mr. Vasi.*—About 30 cases a month.

*President.*—And the rest is sold in Gujrat?

*Mr. Vasi.*—Yes, and in other places.

*President.*—Where else?

*Mr. Vasi.*—Poona, Sangli and other places on the Southern Mahratta Railway.

*President.*—Do you sell any in the Central Provinces and the Punjab?

*Mr. Vasi.*—We do not sell there now.

#### *Dealers.*

*Mr. Mathias.*—Do you sell your matches to retailers or wholesalers in Bombay?

*Mr. Vasi.*—To retailers as well as to wholesalers.

*Mr. Mathias.*—How much do you sell in Bombay to the retail shopkeepers?

*Mr. Vasi.*—In all the number comes to 30 cases in Bombay.

*Mr. Mathias.*—Are you supplying these direct to agents or direct to shopkeepers?

*Mr. Vasi.*—To shopkeepers.

*Mr. Mathias.*—How do you send them round? Do you send them from shop to shop?

*Mr. Vasi.*—Cases containing 100 gross each are sold to shopkeepers.

*Mr. Mathias.*—Do you deliver them at the shop or do they buy them at your factory?

*Mr. Vasi.*—We deliver them in their shops.

*Mr. Mathias.*—How do you deliver them?

*Mr. Vasi.*—We have got our own bullock carts.

*Mr. Mathias.*—You find no difficulty in getting the shopkeepers to take your matches?

*Mr. Vasi.*—No.

*President.*—What is the price at which you sell to your agent first of all at the works.

*Mr. Vasi.*—Rs. 1-3-6 to Rs. 1-4-0 at the works.

*President.*—Do prices vary according to quality.

*Mr. Vasi.*—No; according to the label.

*President.*—Though the quality is the same it is the label that matters?

*Mr. Vasi.*—That is so.

*President.*—Is that the nett price you get?

*Mr. Vasi.*—No, we get less commission.

*President.*—How much commission do you have to pay?

*Mr. Vasi.*—We are required to give commission of half an anna per gross and also some discount; that altogether comes to 3 pice.

*President.*—That must to be deducted from Rs. 1-3-0 or Rs. 1-4-0?

*Mr. Vasi.*—Yes.

*President.*—Then as regards shopkeepers do you supply matches to them at the same rate?

*Mr. Vasi.*—Yes.

*President.*—Then there is not much difference between the agents and the retailers. What difference is there?

*Mr. Vasi.*—Not much because a whole case is sold to both.

*President.*—Who sells to the panwalas?

*Mr. Vasi.*—They buy them from the wholesalers.

*President.*—At what rate?

*Mr. Vasi.*—Rs. 1-5-0 or something like that?

*President.*—In the bazar at what rate would they be sold by the panwala or biriwala.

*Mr. Vasi.*—2 annas per dozen.

*President.*—And single boxes?

*Mr. Vasi.*—One pice per box.

*Mr. Mathias.*—You said to the President that the price was Rs. 1-3-0 to Rs. 1-4-0; does the difference in price depend at all on the fact that in some cases the boxes are made of Indian wood and in other cases of aspen?

*Mr. Vasi.*—There is practically no difference like that; it depends entirely on the label.

*President.*—For the best labels are the boxes made out of aspen or are all your boxes made of Indian wood?

*Mr. Vasi.*—All boxes are made of foreign wood.

*President.*—Are you expected to take a smaller price if the boxes are made of Indian wood?

*Mr. Vasi.*—There may be a slight difference.

*President.*—What difference would it make? How would the people know that in some cases Indian wood has been used and in other cases aspen as the box is wrapped up with paper?

*Mr. Vasi.*—Smaller dealers would not know but big merchants do know.

*President.*—It does not matter to the big merchant so long as the consumer does not know.

*Dr. Matthai.*—Are you speaking from experience when you say that boxes made of Indian wood fetch a slightly smaller price?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—That is to say during the past few months when you sold boxes made of aspen you were able to get a little higher price than for boxes made of Indian wood?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—What is the difference in price?

*Mr. Vasi.*—About half an anna.

*The prejudice against Indian matches.*

*President.*—In answer to question 9 (c) which was "What difference in price in your opinion represents a fair measurement of the difference in quality or would be sufficient to overcome the prejudice against Indian matches", you say "About 4 annas". What do you mean by that? Do you mean that in order to enable you to sell Indian matches against foreign matches you will have to offer them at 4 annas less per gross or what?

*Mr. Vasi.*—It is a mistake. It should be 14 annas.

*President.*—That is to say you will have to sell your matches at 14 annas less than the Swedish matches in order to induce consumers to take your matches?

*Mr. Vasi.*—Yes.

*President.*—Do you mean your matches made out of aspen and boxes made out of Indian wood or do you mean matches made out of aspen and also boxes made out of aspen or matches made out of all Indian wood?

*Mr. Vasi.*—In this case it would be splints made out of aspen and boxes made out of Indian wood.

*President.*—Supposing you sold matches with both splints and boxes made out of Indian wood, then what would be the difference?

*Mr. Vasi.*—There would be a difference of about a rupee.

*President.*—That is to say, if you were to get, say, Rs. 1-4-0 for Indian made matches the Swedish matches would be able to sell at Rs. 2-4-0.

*Mr. Vasi.*—If we sell at Rs. 1-0-0 to Rs. 1-2-0 the Swedish matches would fetch about Rs. 2-4-0.

*President.*—You mean the consumer would be prepared to pay as much as Rs. 2-4-0 for Swedish matches when he could get Indian matches for a little over a rupee?

*Mr. Vasi.*—In some parts of the country even if the quality is bad they would still prefer to buy cheap matches.

*President.*—There are certain classes of consumers who would always buy Indian matches if they are cheap, is that what you mean?

*Mr. Vasi.*—Yes.

*President.*—On the other hand there are other people who would always buy Swedish matches whatever the price?

*Mr. Vasi.*—That is so.

*President.*—There is another class of people who would prefer to buy Swedish matches if they had only to pay a little more but not very much. To induce such people to buy these Indian matches how much difference should there be?

*Mr. Vasi.*—If there is a small difference they would prefer to buy Swedish matches, because of their reputation.

*President.*—How much more would a man pay to use Swedish matches in preference to Indian matches?

*Mr. Vasi.*—14 annas.

*President.*—How do you calculate that 14 annas?

*Mr. Vasi.*—Now there is a difference of 14 annas.

*Dr. Matthai.*—At present the difference in price between your matches and imported Swedish matches is 14 annas. Supposing the difference came down from 14 annas to 8 annas would you be compelled to close down?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—You would not be able to sell at all?

*Mr. Vasi.*—No.

*Dr. Matthai.*—Supposing the difference was 10 annas? The difference last year was more than 14 annas, was it not?

*Mr. Vasi.*—It was only 14 annas.

*Dr. Matthai.*—Is it still 14 annas?

*Mr. Vasi.*—Yes.

#### *Wood Supply.*

*Dr. Matthai.*—As regards wood what does it cost you to get Japanese wood at your factory per ton of 50 c.ft.?

*Mr. Vasi.*—Rs. 125 landed at the factory.

*President.*—Including duty and everything?

*Mr. Vasi.*—Yes, that is to-day's rate.

*President.*—Has the rate come down now?

*Mr. Vasi.*—Yes, it was 16½ yen then; now it is 11 yen per 100 sai, that is 10 cubic feet.

*Dr. Matthai.*—At the time you compiled these answers the price was 16½ yen; at that rate what would be the rate landed at the factory?

*Mr. Vasi.*—About Rs. 150 a ton.

*President.*—What is the price of Indian wood landed at the works per ton of 50 c. ft.

*Mr. Vasi.*—Rs. 45 to 50.

*Mr. Mathias.*—You also speak of aspen logs from Sweden. Is there any difference in the rates?

*Mr. Vasi.*—We do not import from Sweden.

*President.*—As regards Indian wood you say the price is Rs. 40 to Rs. 50 landed at the works but you cannot get any Indian wood during the monsoon season, I understand.

*Mr. Vasi.*—No.

*President.*—At that time you have to use all aspen both for boxes and for splints?

*Mr. Vasi.*—Yes.

*President.*—That is to say for about six months in the year you have to depend on aspen entirely.

*Mr. Vasi.*—Yes, we have to depend on aspen. But at the same time the work is slack because there is less output owing to climatic conditions during the monsoon.

*Dr. Matthai.*—You say you pay Rs. 15 railway freight on your wood. What is the distance from the Panchmahals to Bombay?

*Mr. Vasi.*—350 miles.

*Dr. Matthai.*—Do you get the bulk of your wood from the Panchmahals?

*Mr. Vasi.*—Formerly it was so.

*Dr. Matthai.*—Now where do you get your Indian wood from?

*Mr. Vasi.*—From the Ratnagiri side, and other places.

*Dr. Matthai.*—Are they much nearer to Bombay?

*Mr. Vasi.*—Yes, but the expenses are more.

*Dr. Matthai.*—Why have you to pay more.

*Mr. Vasi.*—Because there is no railway communication.

*Mr. Mathias.*—I am not quite clear as to what your meaning is as regards your reply to question 24. The question is "Do you consider that your factory is assured of a sufficient supply of suitable wood for a reasonably long period" and in reply you say "Assured by contractors except during the monsoon but factory should have foreign logs on which no duty should be increased". Why do you say there should be no increase in the duty on the imported aspen?

*Mr. Vasi.*—Because the price of aspen will become dearer.

*Mr. Mathias.*—Yes, but it would be dearer to all manufacturers using aspen wood on this side of India.

*Mr. Vasi.*—Yes.

*Mr. Mathias.*—Would you not be able to pass on the increase in the duty to the consumer by raising your price for aspen matches?

*Mr. Vasi.*—The price will be higher for the consumer.

*Mr. Mathias.*—If all the factories were to charge the same higher price would that affect the manufacturers?

*Mr. Vasi.*—The consumer will not buy from us in that case.

*Mr. Mathias.*—Would it mean that the Indian manufacturers would not be able to sell very much because the imported matches would be taking their place.

*Mr. Vasi.*—If the duty is increased the price will be dearer.

*Mr. Mathias.*—No doubt if the duty on aspen is raised the price will be higher, but in what way would the manufacturer suffer from that?

*Mr. Vasi.*—We shall be required to raise our price.

*Mr. Mathias.*—As long as the manufacturers get a higher price they will not object, will they?

*Mr. Vasi.*—If all of them increase the price then there is no objection.

*Mr. Mathias.*—That is what I want to know. I want to know why you said there should be no increase in the duty on aspen?

*Mr. Vasi.*—The consumers would not like to use Indian matches if the price of aspen matches were made higher.

*Mr. Mathias.*—What matches would they use?

*President.*—I am sorry to say you have given us no figures as regards your works costs. In reply to question 75 you have not supplied us with any answers. We supplied you with two forms which you did not fill in.

*Mr. Vasi.*—We were new then and we were not able to give the answers you wanted.

*President.*—Are you prepared to give them now?

*Mr. Vasi.*—We can give approximately.

#### *Costs.*

*President.*—What is the total works cost per 100 gross?

*Mr. Vasi.*—About Rs. 110 to 112 per 100 gross.

*President.*—That is for half size matches?

*Mr. Vasi.*—Yes; we only make half size. The figures are as follows:—

	Rs. A. P.
Cost of aspen wood . . . . .	35 0 0
Cost of paper . . . . .	11 8 0 to Rs. 12
Cost of chemicals . . . . .	13 0 0
Cost of other raw materials . . . . .	1 0 0
Factory labour . . . . .	33 0 0
Power and fuel . . . . .	1 8 0
Repairs . . . . .	5 0 0
General supervision and other charges . . . . .	5 0 0
Rent, municipal tax, etc. . . . .	2 0 0
Cost of packing cases . . . . .	5 0 0
Total cost for 100 gross . . . . .	112 0 0

*President.*—Those are your latest costs?

*Mr. Vasi.*—Yes.

*President.*—If you are able to use all Indian wood both for boxes and splints then the cost will come down, will it not?

*Mr. Vasi.*—Yes.

*President.*—Do you expect to bring down your costs any further?

*Mr. Vasi.*—No.

*Mr. Mathias.*—Your cost of paper and chemicals per 100 gross comes to Rs. 11 to 12 in the first case and Rs. 13 in the second as against Rs. 9 in each case given by the National Match Works. The total in your case is Rs. 25 and in theirs it is only Rs. 18. Surely there is some room for reduction there?

*Mr. Vasi.*—Our purchases were made some time ago and we have got some stock so that the average prices are higher.

*Mr. Mathias.*—When you get rid of your stock and purchase again your cost would come down, would it not?

*Mr. Vasi.*—Yes, it would be less by Rs. 1-8-0 or Rs. 2 per case.

*President.*—You say that altogether your capital invested in your factory is Rs. 90,000. That includes the working capital also, does it not?

*Mr. Vasi.*—Yes.

*President.*—You say Rs. 50,000 is for plant and machinery and about Rs. 40,000 for your working capital.

*Mr. Vasi.*—Yes.

*President.*—On to-day's price according to these figures you make from one to two annas per gross? Your cost comes to nearly Rs. 1-2-0 and you get Rs. 1-3-0 to Rs. 1-4-0?

*Mr. Vasi.*—Yes, we get about Rs. 1-3-6.

*President.*—You are making 440 gross a day; that gives you about Rs. 40 a day that is about Rs. 12,000 a year.

*Mr. Vasi.*—According to this account we should get that.

*President.*—Do you get that, or do you get more?

*Mr. Vasi.*—We have not made up our accounts yet so we cannot say definitely what we have got.

*President.*—Have you not made up your account for last year?

*Mr. Vasi.*—No.

*President.*—It is only recently that prices have come down to Rs. 1-3-0 or Rs. 1-4-0.

*Mr. Vasi.*—Yes, only recently.

*President.*—In 1926 when you started, what was the price?

*Mr. Vasi.*—Rs. 1-5-6 to Rs. 1-6-0.

*President.*—Why have the prices come down; what is the reason?

*Mr. Vasi.*—We now get our materials at a cheaper rate.

*President.*—The Swedish Match Company have reduced their prices, have they not?

*Mr. Vasi.*—Yes.

*President.*—Might it be possible that they have reduced their price because their costs had come down?

*Mr. Vasi.*—That is specially due to competition.

*President.*—Is there much competition between you and them in Bombay?

*Mr. Vasi.*—There is competition in Bombay and other parts of India, but their rates are not the same everywhere. In some places their rates are lower and in some places higher.

*Dr. Matthai.*—Why are the rates different, have you any idea?

*Mr. Vasi.*—Where they cannot get a market they try to lower the price.

*Dr. Matthai.*—You sell most of your stuff in Gujrat?

*Mr. Vasi.*—Yes.

*Dr. Matthai.*—Is there any reason why the Swedish Match Company should sell at specially low prices in Gujrat?

*Mr. Vasi.*—I cannot say, but the agents say like that.

*Dr. Matthai.*—Speaking from your experience in what market does the Swedish Match Company reduce their price most?

*Mr. Vasi.*—In Indore for example and in many other places where they cannot sell they reduce their prices and try to get the market.

*Dr. Matthai.*—In Indore have they recently been trying to reduce their price?

*Mr. Vasi.*—I cannot say for certain although my agents say like that.

*President.*—Your proposal is that the present duty of Rs. 1-8-0 should be maintained?

*Mr. Vasi.*—Yes, otherwise we shall have to close down.

*President.*—You want the same duty to be put on on half, three-quarter and full sizes?

*Mr. Vasi.*—Yes.

*President.*—Is it because you think that if the duty was reduced more Swedish matches would come in?

*Mr. Vasi.*—Yes.

*Differential excise duty.*

*President.*—Then you are also proposing that an excise duty as high as possible should be levied on factories wholly or mainly managed by foreign capital. What factories are you thinking of just now?

*Mr. Vasi.*—The Ambernath factory.

*President.*—Have you considered the practical difficulties of that, as to how you are going to determine whether its capital is foreign or not. When the company is registered in India its capital is rupee capital. Supposing the company was registered in India how are you going to fix the percentage of capital and so on? In Assam they have a company which has Indian directors and rupee capital, and which is registered in India. What test can you apply; how can you say it is a foreign company?

*Mr. Vasi.*—That would be a national industry.

*President.*—Do you suppose that the Swedish Match Company would follow any other procedure here if it wanted to do business?

*Mr. Vasi.*—Still you can differentiate between those factories and national factories. The whole thing, supervision and management should be in Indian hands.

*President.*—Suppose they say they will have Indian managers as soon as they are trained—I am not expressing any opinion, but suppose this is what they say—are you going to close down their factory because they have no Indian manager?

*Mr. Vasi.*—The profit will be taken away by them.

*President.*—Does not that apply to many other British concerns in the country. If you look it that way?

*Mr. Vasi.*—In this case the people who have organized the company are Swedish.

*President.*—They claim that most of the capital is British capital, and that it is not Swedish capital. Then you see you will be up against the same difficulty as in other industries. Would you say that a company with British capital should pay an extra excise duty?

*Mr. Vasi.*—In this case the company manager is in Sweden; even if they close down their factory here they will bring their matches from Sweden.

**The Gujarat Islam Match Manufacturing Company, Limited,  
Ahmedabad, Bombay.**

*Letter dated 19th April 1927.*

We beg to enclose herewith our replies to the questionnaire issued by the Tariff Board on Match Industry.

*Replies to questionnaire on the Match Industry.*

1. The Company was established in 1895. It is a public registered Company.
2. The capital invested is fully Indian. The total number of directors is four all of whom are Indians. No European is employed.
3. We undertake the whole process of manufacturing splints as well as match boxes from veneers made in our factory.
4. The factory commenced manufacturing matches from 1st October 1897.
5. Our existing plant is sufficient to turn out 1,000 to 1,200 gross of match boxes per day of 10 hours if fully worked.
6. The size of match boxes manufactured by us is three-fourth.
7. The output of our factory for the last eight years is as under:—

1919	.	.	.	.	.	.	.	.	.	2,126
1920	.	.	.	.	.	.	.	.	.	2,092
1921	.	.	.	.	.	.	.	.	.	2,473
1922	.	.	.	.	.	.	.	.	.	3,067
1923	.	.	.	.	.	.	.	.	.	3,609
1924	.	.	.	.	.	.	.	.	.	3,525
1925	.	.	.	.	.	.	.	.	.	4,107
1926	.	.	.	.	.	.	.	.	.	3,028

The above figures indicate the number of cases each case containing 50 gross of matches.

8. Our factory is situated at Ahmedabad.

(a), (b), (c) and (d) Yes.

There is no one factor which is only to be taken into account while selecting the site of a match factory. There are at least three important considerations, viz., (1) abundance of suitable wood supply, (2) plentiful labour and (3) vicinity to an important market to be borne in mind.

9. (a) Yes. Indian matches are generally inferior in point of whiteness of wood and the general finish of boxes.

(b) The main ground for prejudice is the colour of wood which is not white.

(c) Rs. 1-8 per gross represents a fair measurement of the difference in quality to overcome the prejudice against Indian matches.

(a), (b) and (c) No.

We generally use Simal (Bombax Malbaricum), Gugal (Boswellia rata), Mohino (Odina Wodier) and Kochri (Spondias Mangifera).

We buy empty cases of imported yarns from the local mills out of which packing cases are prepared. A few planks of Bombax Malbaricum and Boswellis Serrata are however used in these cases.

12. (a), (b) and (c) Yes. Indian wood is only defective in point of whiteness.

13. (a) Average 80,000 maunds of wood (one maund equivalent to 40 seers each seer being of 40 tolas).

(b) 120,000 maunds.

14. Forty maunds are required to turn out 100 gross of match boxes of finished matches.



15. The size of the packing case is height 30" × length 29" × width 22½". The weight of the packing case is about 1¼ kachha maund and 50 gross are packed in such a case.

16. The factory draws its supplies from the Panch Mahals and the forests around the Dangs which are situated at a distance of about 100 and 210 miles respectively.

17. The felling operations are done both departmentally as well as through contractors and the wood is brought to different stations in carts and thence to the factory by rail.

18. We pay Re. 0-4-0 and Re. 0-6-0 as royalty per cartload to the Government in the Dangs and the Panch Mahals respectively.

19. We buy wood on weight and our cost per 100 kachha maund delivered at the factory comes to about Rs. 45.

20. We are allowed to work the Panch Mahals forests by paying a royalty of Re. 0-6-0 per cartload. We have got a concession rate of Re. 0-4-0 per cartload to work in the Dangs forest for a period of 10 years. A copy of the above concessions is enclosed herewith.

The terms of concessions are considered far from satisfactory although it may not apparently appear so. We were not required to remove debris of match wood during all these years after our cutting operations were over in each coup or block. Till 1925, the rate of royalty payable in Panch Mahals was Re. 1 which was reduced to Re. 0-6-0 per cartload then. This concession was however nullified by the new order of our having to remove debris. This policy meant in other words "Taking by the left hand that which is given by the right." To remove debris from forests to the places outside forest limits will cost no less than Rs. 3 per cartload against Re. 1 which the Government recovered from us before. You will thus see that the concessions referred to above are rendered totally useless in effect.

21. Yes.

22. The supply of wood varies each year and we have to go deep into the forests.

(a), (b) and (c) Yes. Another reason of deficiency of supplies is that forest officers have till now cut and thrown away several match trees in order to plant valuable timber. This policy is mistaken in our opinion.

23. We get wood from the Panch Mahals as well as Bilimora side. It is only since the last year that we have removed about 50,000 kachha maunds of wood from the latter place.

24. Yes. New plantations of match trees are undertaken by the Forest Department in Panch Mahals and we, too, have started our own plantation at Shahwadi—a village six miles away from our factory.

25. No. The railway freights require to be lowered to assist the industry.

26. The following are the raw materials required and the yearly consumption is shown separately against each:—

Name of article.	Quantity consumed.
Chlorate of Potash powder . . . . .	10 tons.
Match Glue . . . . .	26 cwts.
Bichromate of Potash powder . . . . .	8 „
Red Amorphous Phosphorus . . . . .	15 „
Black, Sulphide of Antimony powder . . . . .	5 „
Manganese powder . . . . .	2½ „
Zinc White . . . . .	17 cwts.
Colcothar . . . . .	14 „
Iron Oxide . . . . .	5 „
White Dexterine . . . . .	2 „
Lamp Black . . . . .	4½ „
Glass powder . . . . .	14 „

Name of article.	Quantity consumed.
Corz Mill . . . . .	2 cwts.
Nitrate of Strontia . . . . .	2 tons.
Nitrate of Baryta . . . . .	2½ „
Infusorial Earth . . . . .	2½ cwts.
Sulphur powder . . . . .	16 „
Roll papers . . . . .	11 tons.
Craft packing papers . . . . .	8 „

28A. All are imported from abroad.

B. Prices are as under:—

Phosphorus £210. Potash £32. Baryta £25-10. Strontia £31-15. Bichromate of Potash powder at 5 <sup>1</sup>/<sub>d</sub>. per lb. Zinc White £50. Glue £85. Black Sulphide of Antimony £48. Glass Powder £7. Roll Papers £27. Craft Papers £25-10. Infusorial Earth £12. Manganese Powder £26-15. Small Labels 8d. per 1,000, dozen labels at 1s. 4d. per 1,000 and half gross labels at 2s. 6d. per 1,000. All prices to be understood per ton delivered c.i.f., Bombay.

28. (c) Bombay.

(d) Prices being c.i.f., freight and insurance cannot be mentioned.

(e) Rs. 11 per ton.

(f) Rs. 60 per ton.

(g) Rs. 15 per cent.

Questions B and C are not replied as none of the chemicals used by us are either manufactured in India or by us.

29. (a) All of the above chemicals can be manufactured in India if proper facilities are given.

(b) Nil.

30. No.

31. We have no skilled labour imported from abroad.

32. Nil.

33. In the beginning, match experts from Europe were invited and Indian labour was trained under them.

34. The total number of workmen employed is approximately 250 out of whom 200 are males and 50 females. The average earnings of male and female labourers come to Re. 0-13-0 and Re. 0-8-0 per day respectively.

35. The labour is usually drawn from the vicinity of the factory.

36. Yes. This is evident from the record of output.

37. As most of the labourers live in close proximity of the factory, there is no need of special housing facilities.

38. We use steam power.

39. As electric power is not used, it is not possible to give the information required.

40. We use coal as well as waste wood as fuel. There is no scarcity of fuel.

41. About 2 lbs. of coal and 5 lbs. of waste wood are required per one gross of complete match boxes.

42. The f.o.r. price of first class steam coal at the source, viz., Jharia varies from Rs. 5-8 to Rs. 6-8. The railway freight is Rs. 13-6 per ton and the cost at the factory comes to about Rs. 22 per ton.

43. The whole requirements of fuel cannot be met from waste wood alone. No concession with regard to such wood is obtained from the Government.

44. The information required may be had from sea customs statistics.

45. Matches represent a bare necessity of life and their consumption can only increase with a rise in population.

46. Our principal markets before were Khandesh, Deccan, Central Provinces, Rajputana and Madras Presidency but from the time of the starting of match factories in Bombay particularly at Ambernath, we had to seek other markets. Punjab, Delhi, United Provinces and Marwar are the principal markets at present. They are situated from 200 miles and upwards from our factory.

47. Delhi, Cawnpore, Agra, Muttra, Marwar and Punjab are places where we can compete against foreign matches.

48. (a) There is no such market where imported matches are sold exclusively. The ports are generally the centres where imported matches are sold most.

(b) The low prices at which matches passing from Kathiawar ports are sold and the long distances to which they travel are most potent factors pointing to illicit importation of matches.

49. Sweden and Czecho Slovakia are the principal foreign countries from which competition in the Indian market is the keenest.

50. Foreign matches imported under the present rate of customs duty cannot compete keenly with Indian matches. It must however be noted that this import will not be stopped until consumers in India are accustomed to use their own matches.

51. During 1918-22, Japanese matches virtually enjoyed monopoly of the Indian market which were imported at prices raging from Yens 80 to 130 per case of 100 gross. They were assessed at the then prevailing rate of import duty, viz.,  $7\frac{1}{2}$  per cent. *ad valorem*.

Our selling prices of safety matches varied from Rs. 1-11 to Rs. 1-4 from 1921 to 1926.

Matches from imported wood were not made in India prior 1924. Their prices from 1924 to 1926 ruled as under :—

1924	. . . . .	Rs. 1-12 to Rs. 2 per gross.
1925	. . . . .	Rs. 1-11 to Rs. 1-13 per gross.
1926	. . . . .	Rs. 1-3 to Rs. 1-6 per gross.

It is not possible to give f.o.b. prices of foreign matches as they are invariably quoted for c.i.f. delivery.

52. The information required is obtainable through old wholesale firms importing foreign matches.

53. (a) Foreigners in order to keep their hold on the Indian market often sell their products at a loss in view of the fact that they have got several other markets where they can make profit to compensate for the loss suffered here.

(b) We think, there is practically no margin to foreigners.

(c) We firmly believe that they cannot produce matches at such a low rate.

54. (a), (b), (c), (d), (e), (f), (g), (h) and (i) Yes.

55. The disadvantages are not such as could not be overcome.

56. Yes. We consider 1,000 gross as the smallest unit of production that can be operated economically under present day conditions.

57. The total paid up capital is Rs. 97,070 while the amount invested on plant and machinery is Rs. 1,45,684-7. The additional amount is not borrowed from any outside source but represents a portion of depreciation and other funds of the Company.

58. We have got all the machines with two or three exceptions of German make manufactured by Mr. A. Roller. Most of the machines were erected in 1897 and few in 1910, 1922 and onwards.

59. (a) No. Our machines are of 30 years old and only few machines are bought recently.

(b) All processes except filling and packing are done by machines. If these are done by machines, there may be a saving of 15 per cent. in labour.

60. (a) and (b) Yes. We are seriously thinking of installing one continuous machine which considerably saves labour charges and helps to increase the output. We have also a mind to order out machines for box and splint drying and also some other machines specially to turn out half size matches.

61. Some parts of machinery which cannot be immediately had from foreign countries or whose costs are prohibitive are usually made in India.

62. (b) We are permanent lessees. We have paid no price for this land but if sold it may fetch Rs. 25,000.

(c) Rs. 66,489-7-2.

(d) Rs. 1,45,684-7.

(e) Rs. 2,20,519-5-3.

The above figures are shown as they stood in our books on 31st December 1925.

63. The above figures represent the actual cost of the various assets without deducting depreciation amount. The amounts of depreciation standing to the credit of machinery and buildings are Rs. 95,352-4-9 and Rs. 44,158-10-4 respectively. It may be noted that every year sums actually spent after machinery as well as building repairs are debited to their respective depreciation funds accounts.

64. The sum actually set aside for depreciation of machinery is less than the rate of depreciation considered suitable.

65. (a) Rs. 1,00,000.

(b) Rs. 3,00,000.

The operating cost of a new factory established will be undoubtedly greater than ours.

66. 1917 to 1921.—Nil.

1922.—One Dipping machine with automatic dipping device at £80 draft paid at the rate of 1s.  $3\frac{1}{2}$  d. per rupee.

1923.—Nil.

1924.—Two match box labelling machines each at £30-10. One automatic knife grinding machine at £63-10. Two conical grinding mills each at £17-12. One paste boiling apparatus at £19-10. The value of all these machines was paid at the rate of 1s.  $5\frac{3}{4}$  d.

1925.—One ball mill at American Dollars 221-19 the draft for which was retired at 280 rupees for 100 Dollars. One waste match levelling machine at £55-16. Draft paid at 1s.  $5\frac{1}{2}$  d. One outer box machine at £54 and one inner box machine at £90 both of Swedish make. Drafts retired at 1s.  $5\frac{1}{2}$  d. One outer box machine at £62-2 and one inner pasting machine at £98-2. Drafts paid at 1s.  $6\frac{1}{2}$  d. One steam paraffining apparatus with automatic paraffin supply at £35-12. Draft paid at 1s.  $6\frac{5}{8}$  d.

1926.—One peeling machine type skn at £144. Draft retired at 1s.  $6\frac{1}{2}$  d. One side painting machine at £90. Draft paid 1s.  $6\frac{1}{2}$  d. One frame filling machine at American Dollars 418-50. Draft paid at Rs.  $275\frac{1}{2}$  for 100 Dollars. All the prices to be understood c.i.f. Bombay.

67. (a) Rs. 1,00,000.

(b) Rs. 97,500.

(c) Rs. 97,070.

All the shares subscribed are ordinary, their number being 890, all being fully paid up.

68. There are no preference shares.

69. There are no deferred shares.

70. (a) The amount of paid up share capital (ordinary) is Rs. 97,070.

(b) A list showing the rate of dividend distributed each year is attached herewith.

(c) The information is given in the above list.

71. The average rate of dividend on each ordinary share of Rs. 250 till 1925 comes to about Rs. 16 per share, i.e., a little above 6 per cent.

72. There are no debentures.

73. Nil.

74. Rs. 1,00,000 to Rs. 1,50,000.
75. The two forms are filled in as suggested.
76. Very often, owing to accumulation of stocks, capacity had necessarily to be curtailed whereby the cost of labour per case was particularly high. If full capacity is turned out a saving of 80 per cent. is expected.
77. No.
78. No.
79.  $2\frac{1}{2}$  per cent. on buildings and  $6\frac{1}{4}$  per cent. on machinery. We consider these rates not unsatisfactory.
80. (a) Rs. 10,767.  
(b) Rs. 3,704.
81. (i) Rs. 1,00,000.  
(ii) Rs. 1,50,000.
82. It is not necessary to borrow any additional capital.
83. The question of paying interest does not arise so far as we are concerned.
84. Rs. 1,00,000 working capital.  
Rs. 15,000 cost of one month's output.
85. Rs. 25,000 to Rs. 30,000. One month normally elapses between production and payment.
86. It is necessary to hold large stocks of raw materials worth about Rs. 60,000.
87. There is no head office other than the office of the local management. It is under the control of a managing agent.
88. (i) Nil.  
(ii) Rs. 18,000 to Rs. 20,000.
89. The managing agent draws 4 per cent. commission on sales and Re. 0-0-11 as bonus per one gross of matches manufactured.
90. (i) Nil.  
(ii) Re. 0-1-8 per gross. This will remain unchanged irrespective of the output.
91. We have got only ordinary shares and we consider 10 per cent. a fair return.
92. (a) and (b) 9 per cent.
93. Owing to very critical state in which the industry is placed on account of Swedish competition, investors will generally be shy before risking their capital unless high rates of interest are guaranteed. It is reported that the Swedish Match Company which is undoubtedly a sound concern offered 8 per cent. return before issuing their shares in the London market. It is therefore absolutely necessary to assure a very high return to intending subscribers to attract their capital in match industry.
94. A. It is an admitted fact that India is rich in forests. There are very large supplies of suitable wood in Sunderbans (Bengal). Assam also abounds in suitable wood. According to a Government expert, Bihar and Orissa possess a sufficient wood supply and a Government model factory is already started at Patna. There are further large supplies of Simal available in United Provinces. Poplar, Pine and Willow wood are known to exist in Punjab and Kashmir. Malabar forests in Madras Presidency are known to be full of trees for match manufacture. In Bombay Presidency, we have been drawing supplies since the last thirty years which prove that our presidency is not without suitable match trees. There is therefore no question of India being without match trees for her growing industry.

The question of cheap power varies with different provinces. It may be observed that the cost of power is in no way an obstacle to the growth of the industry. For instance, Tatas have launched upon a big electrification scheme in Western India for supplying power at cheap rates. The Mandi Hydro-electric scheme in Punjab guarantees power there at cheap rates while Kashmir

supplies electricity at or under Re. 0-0-6 per unit. The scheme of electrification is in progress in different parts of the country and its cheap supply is assured. Besides, coal abounds in Bengal and Central Provinces and it is available at reasonable prices. There is therefore no doubt of power being available at cheap rates.

As regards labour supply, we may say that there is plenty of it in all provinces at low rates. The earnings of Indian labourers are the lowest in the whole world. Indian labour is also quick in picking up technical knowledge. The cost of labour is a very encouraging factor for the Indian match industry as compared with labour costs in other parts of the world. This is bound to be an important factor in enabling Indian matches to withstand world competition after a certain period.

As to market, it is well known that there is a large home market controlled by foreigners at present.

B. If one carefully studies the history of industrial development of India, one will find that in spite of special efforts, the match industry was not able to develop at all and it was only after the duty on imported matches was raised to Rs. 1-8 per gross that the Indian enterpriser got an appreciable measure of encouragement. The cause as to why this industry could not develop in spite of natural advantages is apparent. Foreign countries have since long been masters of this industry and the trade connected therewith. They own large organisations and facilities both natural and commercial. Their gigantic financial resources after their thriving experience for scores of years have helped them to reduce their costs so as to ensure their control on the world market. They can easily kill a new venture by foregoing their profits or even drawing on their reserves and losing a little. Indian enterprisers are thus faced with very powerful competitors and unless they receive substantial support and encouragement from their Government, there is little or no chance of their being able to withstand world competition. Considering the rapid strides which the industry has made within its brief existence and the unsuccessful ventures prior to the levy of the present rate of duty prove most conclusively that the indigenous match industry in India cannot develop without the requisite protection.

C. In order to meet foreign competition, Indian match manufacturers must bear in mind two chief points, viz., (1) to reduce cost of production and (2) to make the products such as can favourably compare with foreign imports. The industry being of recent growth, a considerable time is spent in preliminary enquiries, erection of factories and arrangements incidental to manufacture and marketing. The cost of indigenous match manufacturers is therefore high and the finished product less attractive. These can be improved with economic and careful work. It may be worth while to study the following facts showing the handicaps facing the industry at present and the prospects which may be anticipated :—

- (a) Chemicals and paper are largely imported as they are not manufactured in the country as yet. The chemical industry in India is yet in infancy which has a promising future before it and it is reasonably hoped that the match industry during its course of development will ensure an impetus to the manufacturers of superior chemicals in India. The various efforts to manufacture paper in India on extensive and economic lines give hopes of expecting a certain economy in this line. Paper and chemicals in due course will form material factors in determining the competitive cost of Indian matches for world production.
- (b) The industry being in initial stages, technical knowledge has necessarily to be obtained at considerable cost. However with the development of the industry in the country and the training given to Indians, expert technical knowledge will be obtainable at a much reduced cost. With the experience gained of Indian conditions as applied to this industry, much can be done to improve and organise the working with a view to economy and efficiency.

- (c) Labour which is both plentiful and cheap in India will after sufficient training be a material factor in bringing down the cost.
- (d) The question of inland tariff for raw materials and finished products require careful and sympathetic consideration. The growth of match industry ensures to railways additional sources of revenue on account of transportation of all raw materials incidental to manufacture. There will be a material reduction in cost and the railways too will be helping their revenue by giving concession to Indian match manufacturers.
- (e) Timber which is of chief importance if planted in certain areas of the forests regularly can be cut and carted at low charges. Special transport facilities in shape of low railway freight if given will much help Indian manufacturers to bring down their prices.

95. (a) and (b) Yes.

96. Yes.

97. Indian industry practically receives no protection as the rates of matches have come to a figure prevailing before the duty on matches was raised in 1921. The advantages of transport charges between the country of production and the port of entry are more than counterbalanced by the heavy freight paid on papers and chemicals imported for match manufacture.

98. The present duty on imported matches is adequate in our opinion to stimulate match industry.

99. (1) Suitable measures should be adopted for increased facilities by railway and steamer transport of Indian match wood throughout the country.

(2) Proper control should be exercised on the import of foreign matches from Native States to British territories.

(3) Handicaps in the shape of extraordinary duties levied by Native States upon matches manufactured in British India should be removed.

(4) Suitable wood which exists in abundance in Indian forests and which is the chief raw material in the manufacture of matches must be made available to Indian match manufacturers by the Government taking up the research work in all seriousness.

(5) Import duty on match chemicals and paper should be lowered.

(6) Special reduced rates on ready made Indian matches must be given by different railways.

(7) Special protection should be given against foreign competition of the Swedish syndicate which is not a *bonâ fide* concern and whose activities should not be allowed to be successful. A discriminating excise duty on the products of factories financed wholly or mainly by foreign capital should be levied but under no circumstances any burden should be imposed on the factories run purely by Indian capital and Indian enterprise.

\* \* \* \* \*

*Copy of match wood concessions granted.*

SUBJECT :—*Match Industry.*

No. 3824 of 1925-26, dated Poona, the 14th November 1925.

From—A. G. Edie, Esq., Chief Conservator of Forests, Bombay Presidency,

To—The Gujarat Islam Match Manufacturing Company, Limited, Kankaria Road, Ahmedabad.

SIRS,

With reference to your petition, dated 3rd August 1925, to Government, I have the honour to inform you that Government have decided that the Com-

pany should be allowed to remove the wood required for match manufacture and charged royalty at the rate of six annas per cart load from the forests of the Panch Mahals Division and four annas per cart load from the Dangs (Surat) forests. This arrangement will be in force for ten years, i.e., 1925-26 to 1934-35.

*A statement showing amounts of dividends distributed every year and also the percentage on the original value of the share, viz., Rs. 250 ordinary (fully paid up).*

Year.	Amount of dividends paid per share.			Percentage on the original value of the share.
	Rs.	A.	P.	
1905 . . . . .	5	0	0	2 per cent.
1906 . . . . .	4	0	0	1½ "
1909 . . . . .	5	0	0	2 "
1910 . . . . .	10	0	0	4 "
1911 . . . . .	10	0	0	4 "
1912 . . . . .	10	0	0	4 "
1913 . . . . .	13	0	0	5½ "
1915 . . . . .	15	0	0	6 "
1916 . . . . .	12	0	0	4½ "
1917 . . . . .	15	0	0	6 "
1918 . . . . .	20	0	0	8 "
1919 . . . . .	20	0	0	8 "
1920 . . . . .	30	0	0	12 "
1921 . . . . .	40	0	0	16 "
1922 . . . . .	50	0	0	20 "
1923 . . . . .	70	0	0	28 "
1924 . . . . .	71	0	0	28½ "
1925 . . . . .	71	0	0	28½ "
	471	0	0	



## FORM I.

Statement showing total expenditure on the production of Matches during the last four years.

(Vide Question 75.)

	1922.		1923.		1924.		1925.	
	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
1. Cost of wood for splints and veneers . . . . .	21,659	8 0	20,864	14 8	31,067	9 10	29,061	3 7
2. Cost of paper . . . . .	25,278	6 6	22,871	11 7	22,839	9 0	29,469	15 8
3. Cost of chemicals . . . . .	36,802	3 1	41,820	2 11	43,452	5 1	40,222	6 11
4. Cost of other raw materials . . . . .	17,181	8 9	10,206	12 8	12,338	1 9	6,483	9 10
5. Factory labour . . . . .	69,166	1 0	75,433	12 6	65,237	9 6	80,652	5 6
6. Power and fuel . . . . .	6,022	1 9	2,927	14 3	5,027	11 9	3,379	0 2
7. Ordinary current repairs and maintenance of buildings, plant and machinery.	9,319	14 8	18,534	12 2	6,599	0 2	10,781	6 8
8. General services, supervision and local office charges . . . . .	20,036	12 2	24,258	4 7	22,111	1 6	22,849	6 0
9. Miscellaneous, e.g., rent, municipal taxes, insurance, etc.	12,705	4 11	18,368	13 7	10,796	10 6	10,239	2 0
10. Cost of packing cases . . . . .	4,945	3 5	7,199	1 2	8,350	0 3	9,619	6 1
TOTAL . . . . .	2,24,024	0 3	2,40,486	4 1	2,27,819	11 4	2,42,757	14 5
Total production of Matches for the year . . . . .	3,067 cases each of 50 gross.		3,609 cases.		3,547 cases.		4,107 cases.	

## FORM II.

Statement showing works cost per gross of matches.

(Vide Question 75.)

	1922.	1923.	1924.	1925.
	Rs. A. P. 0 2 3	Rs. A. P. 0 1 10	Rs. A. P. 0 2 10	Rs. A. P. 0 2 3
1. Cost of wood for splints and veneers . . .	0 2 8	0 2 0	0 2 1	0 2 4
2. Cost of paper for labels and wrapper . . .	0 3 10	0 3 9	0 3 11	0 3 1
3. Cost of chemicals . . .	0 1 9	0 0 11	0 1 1	0 0 6
4. Cost of other raw materials . . .	0 7 3	0 6 8	0 5 1	0 6 4
5. Factory labour . . .	0 0 8	0 0 3	0 0 6	0 0 3
6. Power and fuel . . .	0 1 0	0 1 6	0 0 7	0 0 11
7. Ordinary current repairs and maintenance of buildings, plant and machinery.	0 2 1	0 2 2	0 2 0	0 1 9½
8. General services, supervision and local office charges . . .	0 1 4	0 1 7	0 0 11	0 0 9½
9. Miscellaneous, e.g., rent, municipal taxes, insurance, etc.	0 0 6	0 0 8	0 0 9	0 0 9
10. Cost of packing cases . . .	1 7 4	1 5 4	1 3 9	1 3 0
TOTAL	Nil	Nil	Nil	Nil
Credit for materials recovered (if any) . . .	1 7 4	1 5 4	1 3 9	1 3 0
NET TOTAL	3,067 cases each of 50 gross.	3,609 cases.	3,547 cases.	4,107 cases.
Total production of Matches for the year . . .				

## SUPPLEMENTARY STATEMENTS.

*Letter, dated the 13th December 1927.*

We enclose herewith two statements one showing the expense incurred every year on our Shahawadi Plantation containing match tree and the other giving particulars and the quantities of different ingredients used in the manufacture of 100 gross safety matches. These are the particulars which the Board asked us to submit while giving our oral evidence.

No. 1.—*Statement showing expenditure incurred every year after Shahawadi Plantation for the growth of match trees by the Gujarat Islam Match Manufacturing Company, Limited, Ahmedabad.*

	Rs.	A.	P.
1902 . . . . .	2,081	6	2
1903 . . . . .	594	1	7
1904 . . . . .	532	13	1
1905 . . . . .	363	1	0
1906 . . . . .	289	9	3
1907 . . . . .	619	6	11
1908 . . . . .	826	6	6
1909 . . . . .	984	8	6
1910 . . . . .	920	7	2
1911 . . . . .	1,036	12	4
1912 . . . . .	497	0	9
1913 . . . . .	1,427	10	11
1914 . . . . .	1,411	4	8
1915 . . . . .	1,033	7	10
1916 . . . . .	973	10	7
1917 . . . . .	1,500	0	0
1918 . . . . .	2,292	7	6
1919 . . . . .	3,015	11	3
1920 . . . . .	2,462	8	4
1921 . . . . .	2,479	14	3
1922 . . . . .	4,041	7	6
1923 . . . . .	2,916	15	3
1924 . . . . .	1,923	6	5
1925 . . . . .	1,438	11	11
1926 . . . . .	1,270	8	6
<b>TOTAL</b> . . . . .	<b>36,933</b>	<b>6</b>	<b>2</b>

No. 2.—Statement showing ingredients and their proportion used in the manufacture of 100 gross Safety Matches.

Name of article	Quantity	
	Lbs.	Ozs.
Paraffin wax . . . . .	10	0
Gum . . . . .	0	9½
Gum Tragacanth . . . . .	0	2½
Chlorate of Potash . . . . .	13	0
Colcothar . . . . .	2	8
Sulphur powder . . . . .	2	0
Red Manganese . . . . .	1	14
Glass powder . . . . .	0	13½
Glue . . . . .	2	8
Amorphous Phosphorus . . . . .	0	14½
Bichromate of Potash . . . . .	0	8
Infusorial Earth . . . . .	0	8
Red lead . . . . .	0	1
White lead . . . . .	0	2
Zinc white . . . . .	0	8
Brown Manganese . . . . .	0	1½

No. 3.—Statement showing average prices of Safety Matches realised by the Gujarat Islam Match Manufacturing Company, Limited, Ahmedabad, every calendar year from 1922 to 1926.

Year.	Price per gross ex-factory.	
	Rs.	A. P.
1922 . . . . .	1	11 4
1923 . . . . .	1	11 1½
1924 . . . . .	1	8 10
1925 . . . . .	1	7 2½
1926 . . . . .	1	2 3

# THE GUJARAT ISLAM MATCH MANUFACTURING COMPANY, LTD.

B.—ORAL.

**Evidence of Mr. J. P. MANIAR recorded at Bombay on Monday,  
the 5th December, 1927.**

*Introductory.*

*President.*—Mr. Maniar, you are Secretary of the Gujarat Islam Match Manufacturing Company.

*Mr. Maniar.*—Yes.

*President.*—Who is the Works Manager of the factory?

*Mr. Maniar.*—Mr. Munshi.

*President.*—He is one of the founders of the company, is he not?

*Mr. Maniar.*—That man is not now living; he is dead. There is only his son-in-law now.

*President.*—His name also is Mr. Munshi.

*Mr. Maniar.*—Yes.

*President.*—Are there any managing agents?

*Mr. Maniar.*—Mr. Munshi is the managing agent, and Mr. A. A. Munshi who is his son-in-law is a servant of the company.

*President.*—His name is also Mr. Munshi.

*Mr. Maniar.*—Yes.

*President.*—Are there any partners in the firm of managing agents?

*Mr. Maniar.*—No.

*President.*—Mr. Munshi himself is the managing agent.

*Mr. Maniar.*—Yes, and there is no other partner.

*President.*—He is the principal shareholder also?

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—How many shareholders have you altogether?

*Mr. Maniar.*—About 90 shareholders. The total number of shares is 400.

*President.*—The total number is 400.

*Mr. Maniar.*—The total number issued is 400; the total number subscribed is 390 and three are forfeited.

*President.*—What is the value of the share?

*Mr. Maniar.*—The face value is Rs. 250 per share.

*President.*—So, the capital is Rs. 1 lakh, of which about Rs. 97,000 has been subscribed.

*Mr. Maniar.*—Yes.

*President.*—Have you got any printed annual accounts?

*Mr. Maniar.*—Yes.

*President.*—Can you let us have your accounts for the last two or three years?

*Mr. Maniar.*—Yes, I can send them from Ahmedabad. This is for the year 1926 (handed in) which has been printed in vernacular.

*President.*—You can send an English translation later.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—What is your year—financial or calendar?

*Mr. Maniar.*—Calendar year.

*President.*—You paid a good dividend last year of Rs. 30.

*Mr. Maniar.*—We paid a dividend of Rs. 35. When there was a general meeting, the shareholders insisted that the dividend should be increased by Rs. 5 more.

*President.*—From what?

*Mr. Maniar.*—From Rs. 30 they wanted the dividend to be increased to Rs. 35. The Agent gave a portion of his commission and we took a portion from the dividend equalisation fund. Thus the dividend given for last year was Rs. 35 and not Rs. 30 as mentioned in the report.

*Dr. Matthai.*—You paid a dividend of Rs. 30 out of the earnings.

*Mr. Maniar.*—The board of directors declared a dividend of Rs. 30.

*Dr. Matthai.*—To that you added from the dividend equalisation fund.

*Mr. Maniar.*—The shareholders insisted on that, and the agent also gave away a portion of his commission.

*Dr. Matthai.*—But your profits for the year justified a dividend of Rs. 30.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—That is just 12 per cent.

*Mr. Maniar.*—Yes.

*President.*—Yours is the oldest factory in India.

*Mr. Maniar.*—Yes.

*President.*—Do you know why the factory was started in Ahmedabad.

*Mr. Maniar.*—Because of the market conditions! Further when the factory was started, Mr. Munshi was serving under Government and did not want to leave the station.

*President.*—There was a good market round about.

*Mr. Maniar.*—Yes, and there were also certain merchants who promised us, their patronage.

*President.*—You manufactured matches out of Indian wood from the beginning.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—How did you start this factory? Was there any suggestion from the Forest Department?

*Mr. Maniar.*—No. Mr. Munshi was himself interested in this. He was teaching chemistry in the Training College at Ahmedabad and he happened to read some literature on matches. So, he took up this idea and formed a company. But the name of his brother was put down as Secretary and agent. There were two active partners in the firm of managing agents, when it was started.

*Dr. Matthai.*—Do you mean that when it was first established in 1895 it was established as a partnership?

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—When did you constitute it into a joint stock company?

*Mr. Maniar.*—From the very beginning. But the firm of managing agents consisted of several partners.

#### *Capacity of the factory.*

*President.*—Your capacity is 1,000 to 1,200 gross a day.

*Mr. Maniar.*—Yes.

*President.*—But you have not been manufacturing more than 500 gross a day.

*Mr. Maniar.*—In the monsoon our output is considerably reduced.

*President.*—You have given us figures for some years and your output has not exceeded 600 gross a day.

*Mr. Maniar.*—That is the average. But in the monsoon our output is considerably reduced. At the same time when the demand falls off, we are unable to work the machinery.

*President.*—Is there any seasonal demand for matches?

*Mr. Maniar.*—We sell more in the months of October, November and December and from January to March the demand falls off considerably because people are afraid that the duty may be lowered and consequently they will not make any purchases in large quantities.

*Dr. Matthai.*—Have you been able, right from the beginning, to secure an average output of 500 gross a day?

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—Even before the war?

*Mr. Maniar.*—Yes—on the contrary more.

*Dr. Matthai.*—What was your biggest output before the war?

*Mr. Maniar.*—1,000 to 1,100 gross a day.

*Mr. Mathias.*—Were you making satisfactory profits before the war?

*Mr. Maniar.*—No.

*Dr. Matthai.*—During the war?

*Mr. Maniar.*—No, because there was great difficulty in procuring the necessary chemicals. The priority certificates had to be obtained; so we did not get chemicals in required quantities.

*Dr. Matthai.*—When the Swedish matches were out of the field, that was your opportunity.

*Mr. Maniar.*—At that time we did not get the chemicals from outside and so we were handicapped. Besides, wages had increased considerably.

*Dr. Matthai.*—But your output did fall off.

*Mr. Maniar.*—Occasionally it used to fall off.

*Dr. Matthai.*—It is rather strange that during the war you were not able to take advantage of the decline in imports.

*Mr. Maniar.*—Chlorate of potash and phosphorous were very difficult to obtain.

*Dr. Matthai.*—You wanted just a small quantity. Your requirements of chemicals would have been very small on the whole.

*Mr. Maniar.*—Certainly not. We required chlorate of potash in large quantities.

*Dr. Matthai.*—What do you mean by large quantities?

*Mr. Maniar.*—10 to 15 tons a year.

*President.*—That is not a very large quantity.

*Mr. Maniar.*—During the war it was very difficult to obtain even two tons at a time.

*President.*—Could you not have got it from Japan?

*Mr. Maniar.*—Even then priority certificate was required to import. At the same time Japanese matches were sold in the country at such cheap rates that it did not pay us to buy these materials at high prices.

*Dr. Matthai.*—You were in operation when Mr. Troup's book was published.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—Did you get very much assistance out of that?

*Mr. Maniar.*—Not much.

*Dr. Matthai.*—Speaking from your practical experience, what was the effect of that book upon your operations?

*Mr. Maniar.*—As a matter of fact we were already using the same species as were recommended in his book.

*Dr. Matthai.*—You did not get any new information.

*Mr. Maniar.*—No.

*Dr. Matthai.*—And the capacity of your plant has been this all along—say about 1,000 to 1,200 gross a day.

*Mr. Maniar.*—Yes.

*Size manufactured.*

*President.*—You manufacture only  $\frac{3}{4}$  size.

*Mr. Maniar.*—Yes.

*President.*—You don't manufacture half size at all?

*Mr. Maniar.*—No.

*President.*—Nor full size?

*Mr. Maniar.*—Nor full size.

*President.*—Is there not much demand in your market for any other size?

*Mr. Maniar.*—The demand for half size has sprung up of late and we have ordered out machinery for the same which we hope to turn out in two or three months.

*Dr. Matthai.*—You say somewhere in your statement that till about 1925 a very considerable share of your market was in Bombay.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—The Bombay demand is generally for half size matches.

*Mr. Maniar.*—We used to supply  $\frac{3}{4}$  size and the Bombay merchants exported them to other places such as Guntur, Bezwada and places in C. P. and Nizam's territory.

*Dr. Matthai.*—If you really catered for the  $\frac{3}{4}$  size market, then the commencing of operations at Ambarnath would not really affect your market on the Bombay side because they produced half size.

*Mr. Maniar.*—We don't produce half size because our wood is not strong enough for half size splints.

*Dr. Matthai.*—If you look at your output figures, you will find that in 1925 your output went up to 4,107 cases, whereas in 1926 it declined by about 1,000 cases. How do you account for that?

*Mr. Maniar.*—The demand had fallen off.

*Dr. Matthai.*—That was because of the operations of Ambarnath.

*Mr. Maniar.*—Yes, and also other factories.

*Dr. Matthai.*—They produce only half size and you produce  $\frac{3}{4}$  size.

*Mr. Maniar.*—Our consumers went in for half size matches because they had no prejudice against using half size matches.

*Indian and imported wood. Markets.*

*President.*—You manufacture matches entirely out of Indian wood.

*Mr. Maniar.*—Yes.

*President.*—And your boxes too?

*Mr. Maniar.*—Yes. Only recently we ordered out a consignment of aspen wood to see whether it would pay us or not to manufacture out of aspen and how our competitors are able to sell matches made out of aspen at such low rates.

*President.*—What is your conclusion?

*Mr. Maniar.*—We have come to the conclusion that it would pay us.

*President.*—Even in Ahmedabad?

*Mr. Maniar.*—Yes.

*President.*—It is a very interesting point. How did you arrive at that result?

*Mr. Maniar.*—We have taken comparative tests of wood, Indian as well as aspen. We require 13 c. ft. to turn out 50 gross of matches for both splints and boxes.

*President.*—That is all Indian wood?



*Mr. Maniar.*—Yes. Now, at the present cost of this wood, which will come to one rupee per c. ft. delivered at the factory, it will be Rs. 13 for splints and boxes for 50 gross.

*President.*—Let us take 100 gross.

*Mr. Maniar.*—For 100 gross it will be Rs. 26. To turn out the same quantity out of aspen wood we require 14 c. ft. of aspen.

*President.*—For 100 gross?

*Mr. Maniar.*—Yes. That would cost at our factory at Rs. 3-2-0 per c. ft.; so it comes to Rs. 43-12-0. By making matches out of aspen, we are able to get 5 annas more per gross.

*President.*—In your market?

*Mr. Maniar.*—Yes, in our market. So, it will give us a benefit of Rs. 31-4-0 for 100 gross less the price of wood which we have paid more.

*President.*—If you deduct Rs. 31-4-0 from Rs. 43-12-0, that will give you the net cost of wood, which is Rs. 12-8-0.

*Mr. Maniar.*—Yes.

*President.*—Rs. 12-8-0 against Rs. 26 which is the cost of Indian wood.

*Mr. Maniar.*—Yes.

*President.*—That is a very curious result.

*Mr. Mathias.*—Do you get as much as 5 annas per gross more for matches made out of aspen?

*Mr. Maniar.*—Yes. The splints are very white and our dealers at times pass these matches as foreign made matches.

*Mr. Mathias.*—Is that peculiar to the Ahmedabad market? We were told in Bombay that aspen matches would fetch about 3 annas more.

*Mr. Maniar.*—I am talking of the  $\frac{3}{4}$  size, which is different.

*President.*—What markets are you talking about in which you can get 5 annas per gross more for aspen matches?

*Mr. Maniar.*—I am talking of Sind, Baluchistan and the Punjab.

*President.*—You get as far as Baluchistan and the Punjab, do you?

*Mr. Maniar.*—Yes. As a matter of fact we rail wagons to Quetta.

*President.*—That is hardly your natural market.

*Mr. Maniar.*—Our local market is entirely taken up by matches made in Bombay. As a matter of fact the Bombay Presidency produces more than it can consume.

*President.*—If a good factory is started on that side, you would lose your market.

*Mr. Maniar.*—That must affect us.

*President.*—There is a big factory being started.

*Mr. Maniar.*—There are two factories working at Bareilly and Lahore. Still, we are able to rail wagons right up to Lahore and Bareilly and sell advantageously there.

*President.*—What advantage would you really have in those markets against matches made here in Bombay?

*Mr. Maniar.*—As a matter of fact, those markets consume mostly  $\frac{3}{4}$  size matches and there is no  $\frac{3}{4}$  size foreign match which can be sold at one pice per box. Our matches are sold at one pice per box.

*President.*—Ambarnath can sell at one pice per box.

*Mr. Maniar.*—They are not manufacturing  $\frac{3}{4}$  size.

*President.*—What advantage could you have against the manufacturers say located in Bombay and manufacturing out of aspen?

*Mr. Maniar.*—They manufacture only half size.

*President.*—You will have every disadvantage.

*Mr. Maniar.*—Then we would of course start manufacturing out of aspen and in that case the railway freight from Ahmedabad to those places is favourable.

*President.*—But then you have to pay freight on aspen and chemicals.

*Mr. Maniar.*—Right you are, but even then we can still compete with them. For instance, take Delhi. Delhi consumes matches made in Bombay in large quantities and we are able to sell our matches there with profit. Our size is bigger and our merchants will say 'you get a bigger match box for one pice'.

*Dr. Matthai.*—Supposing Bombay factories were going to make  $\frac{3}{4}$  size in large quantities and were going to supply your market in Sind, Baluchistan, don't you think that the Bombay factories would be in an advantageous position compared with you even as regards Sind and Baluchistan?

*Mr. Maniar.*—They would be.

*Dr. Matthai.*—The point really is this; they are not making  $\frac{3}{4}$  size now.

*Mr. Maniar.*—Yes.

*President.*—Have you not got a sufficient market in the immediate vicinity of Ahmedabad?

*Mr. Maniar.*—When we make matches out of aspen, we could have our home market there.

*Mr. Mathias.*—At present you sell no matches in Ahmedabad.

*Mr. Maniar.*—No.

*President.*—There must be a fairly good consumption of matches at Ahmedabad.

*Mr. Maniar.*—Yes.

*President.*—But you never tried to push your matches in your market.

*Mr. Maniar.*—We did and we succeeded so long as the prices of Bombay matches were higher. Now matches from Kathiawar ports are sold in and round Bombay and Ahmedabad at four pies per box and thirteen pice per dozen.

*President.*—As regards the imports from Kathiawar, they must have ceased more or less.

*Mr. Maniar.*—As a matter of fact, the imports still continue to come from Kathiawar and Ahmedabad merchants buy their imported matches through Kathiawar and their selling prices are much lower than their prices in Bombay. If you compared the Indian price of imported matches, you would find that the rate prevailing in Ahmedabad is still lower than in Bombay.

*Dr. Matthai.*—Are you speaking of current prices?

*Mr. Maniar.*—Yes.

*President.*—What is the price at which you can get imported matches?

*Mr. Maniar.*—Rs. 2-5-0 for half size in Bombay and Rs. 2-3-0 in Ahmedabad and we can get  $\frac{3}{4}$  size at Ahmedabad for Rs. 2-9-0.

*President.*—It might be that the Swedish Match Company find it necessary to sell these matches cheaper in Ahmedabad?

*Mr. Maniar.*—No. As a matter of fact the merchants get their requirements through Kathiawar merchants. They don't go to the Swedish people. They get their consignments out of the transhipments.

#### *Matches from Kathiawar, etc.*

*President.*—How can they pass the frontier now?

*Mr. Maniar.*—They manage to get a certificate that the duty is fully levied. The merchants arrange to get certificates from Indian States. There must be some understanding between the merchants trading in Kathiawar and the States whereby they must be getting some rebate or drawback.

*President.*—How are they now allowed to cross the British frontier?

*Mr. Maniar.*—By producing a certificate from the Indian State that the full duty has been levied on the consignment. Only a written certificate is produced.

**Mr. Mathias.**—That certificate is given by responsible officials.

**Mr. Maniar.**—Yes, by the State.

**Mr. Mathias.**—Do you suggest that the certificate is an incorrect certificate?

**Mr. Maniar.**—That is what the rates point out. Certain States are authorised to give certificates to merchants and they bring matches with those certificates without actually paying any duty.

**President.**—That is rather anticipating our examination. The only effective way of stopping that sort of import would be to insist upon labels being put on all the matches imported into British India and not depend upon certificates.

**Mr. Maniar.**—If they don't take the duty in cash!

**President.**—We don't care how they take the duty. We insist that our label shall be put on every match box which comes to British India.

**Mr. Maniar.**—Even then it may be undersold.

**President.**—They have to pay for the labels.

**Mr. Maniar.**—Labels don't cost much.

**President.**—Why? They must buy the labels from the British Government and put those labels on all match boxes before they come into British India. Labels may cost Rs. 1-8-0 per gross.

**Mr. Maniar.**—Will the Kathiawar States levy the same duty as is levied in British India?

**President.**—It has nothing to do with us. We won't allow any matches to come into the country without labels.

**Mr. Maniar.**—That will be all right.

**President.**—They can take one rupee so far as they are concerned if they like to, but no match box will be allowed to enter the country unless it is labelled.

**Mr. Maniar.**—Special legislation will have to be passed to that effect.

**President.**—But of course there is then the risk of match factories being started, anyhow for local consumption, in all the Indian States and in that way you may lose the market.

**Mr. Maniar.**—They have not got any forests.

**President.**—They can get aspen.

**Mr. Maniar.**—How long can they continue to get aspen? Supposing there is war?

**President.**—We don't have a war every day.

**Mr. Mathias.**—Some of the States have forests. What about Hyderabad.

**Mr. Maniar.**—That is not in Kathiawar.

**Mr. Mathias.**—There are other Indian States which are not in Kathiawar. Do you not sell matches down there?

**Mr. Maniar.**—Not much.

#### *Size demanded in the North of India.*

**Dr. Matthai.**—As far as those northern markets—Punjab and so on—are concerned, is the demand entirely for the  $\frac{3}{4}$  size?

**Mr. Maniar.**—Yes, that is our experience.

**Dr. Matthai.**—It has always been for  $\frac{3}{4}$  size.

**Mr. Maniar.**—Yes.

**Dr. Matthai.**—Why not full size? What is the difference? I could understand the demand in Bombay for half size because it was a question of freight during the war, when it was more convenient to get the smaller size boxes. But why should there be this difference between the Punjab and Bengal? In Bengal they want full size.

**Mr. Maniar.**—Yes, but they will have to pay higher prices.

*Dr. Matthai.*—So far as the Punjab is concerned, it is almost entirely a demand for  $\frac{3}{4}$  size.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—And in the United Provinces?

*Mr. Maniar.*—It is the same, but we are now getting enquiries for half size. They suggest to us that we must turn out half size also in certain quantities.

*Dr. Matthai.*—As far as your  $\frac{3}{4}$  size is concerned, I understand that it consists of the same number of splints as the Bombay half size.

*Mr. Maniar.*—No.

*Dr. Matthai.*—How many splints are there in the  $\frac{3}{4}$  size?

*Mr. Maniar.*—50 to 55.

*Dr. Matthai.*—That is the number in a half size box also.

*Mr. Maniar.*—It will be 55 to 60.

*Dr. Matthai.*—It is practically the same number.

*Mr. Maniar.*—Yes.

*President.*—Have you got sample boxes?

*Mr. Maniar.*—Yes (shewn).

*Dr. Matthai.*—I don't see why your Punjab consumers prefer the  $\frac{3}{4}$  size?

*Mr. Maniar.*—They generally don't count the number of splints in a box. They find the box bigger and take it because they have to pay the same price.

*President.*—Did you adopt your 'Gimco' after the 'Winco'?

*Mr. Maniar.*—Yes.

#### *Wood.*

*President.*—Is the principal wood that you use simul?

*Mr. Maniar.*—Yes.

*President.*—When were these matches (samples shewn) made?

*Mr. Maniar.*—Only recently.

*Mr. Mathias.*—Did you treat the splints or are they white naturally?

*Mr. Maniar.*—They are white.

*Mr. Mathias.*—Are they specially selected?

*Mr. Maniar.*—They represent our average quality.

*President.*—How many qualities have you?

*Mr. Maniar.*—Two qualities, first and second.

*President.*—What is your second quality like?

*Mr. Maniar.*—The second quality is made of googal—the same as salai.

*President.*—What is the difference in the price of the two?

*Mr. Maniar.*—1 anna to 2 annas.

*Dr. Matthai.*—How much is the first quality?

*Mr. Maniar.*—Rs. 1-3-0 per gross.

*Dr. Matthai.*—Is that nett?

*Mr. Maniar.*—Yes, i.e. Ahmedabad. We pay the cartage from the factory to the railway station.

*President.*—What is the nett price?

*Mr. Maniar.*—Rs. 1-2-9 nett ex-factory.

*President.*—And the other is 1 anna to 2 annas less.

*Mr. Maniar.*—Yes.

*President.*—You have specially to manufacture the second class quality.

*Mr. Maniar.*—Circumstances compel us to manufacture the second quality.

*President.*—Do you manufacture them expressly?

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—What sort of circumstances compel you to manufacture?

*Mr. Maniar.*—We don't get sufficient supply of simul and consequently we have to go in for inferior wood. That is the reason why we have to classify our products into two qualities.

*Dr. Matthai.*—You get all your simul from the Panch Mahals.

*Mr. Maniar.*—Yes, as well as from the Dangs.

*Dr. Matthai.*—Have you had experience of getting simul from any of these areas in Bombay?

*Mr. Maniar.*—No.

*Dr. Matthai.*—Is it likely that the kind of simul that they get here would be slightly darker than the simul you get in your area?

*Mr. Maniar.*—We have no knowledge of forests on the side you mention.

*Dr. Matthai.*—It is a matter of common occurrence that the colour of simul varies according to the area in which it grows.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—Probably you are fortunate in that respect.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—That is a likelihood.

*Mr. Maniar.*—Yes.

#### *Plantation.*

*President.*—You have got your own forests.

*Mr. Maniar.*—Yes, we have got our own plantation, but it is not yet mature.

*President.*—What is the area of your plantation?

*Mr. Maniar.*—125 acres.

*President.*—When did you begin the plantation?

*Mr. Maniar.*—We got the land in the year 1901.

*President.*—Have you clear felled the forest?

*Mr. Maniar.*—It was a waste land. Then, we started making experiments and for 10 years we were not successful. It was only in the year 1912 that we were able to grow a certain number of trees.

*President.*—What kinds have you got?

*Mr. Maniar.*—Only simul.

*President.*—How do you plant them—in seedlings or what?

*Mr. Maniar.*—We get seeds from the Government forest officers and plant them in the monsoon together with field crops.

*President.*—Such as what?

*Mr. Maniar.*—Cotton seed.

*President.*—What is the idea?

*Mr. Maniar.*—These seedlings require shade in the beginning: otherwise they will be dried up. The seedlings will not grow.

*President.*—You grow cotton.

*Mr. Maniar.*—We sow the seeds along with cotton seeds—two rows of cotton and one row of simul: that is how we plant.

*President.*—Then you remove the cotton.

*Mr. Maniar.*—Yes.

*President.*—Then, that is sufficient?

*Mr. Maniar.*—Next year we sow cotton seeds again.

*President.*—When they require more shade in the hot weather, there will be no cotton.

*Mr. Mainar.*—They don't die. They germinate again in the monsoon. Though the leaves fall off the stem is there. In the monsoon we sow the field crops again. After three or four years we could see that the trees had grown to a sufficient height.

*President.*—How big are these trees now?

*Mr. Maniar.*—Some of them have attained a height of 30 to 40 feet.

*President.*—What is the girth of the earliest trees?

*Mr. Maniar.*—About 3 feet, that is one foot in diameter.

*President.*—Those are fifteen years old.

*Mr. Maniar.*—Yes.

*President.*—What is the girth that you require?

*Mr. Maniar.*—The minimum is 3 feet.

*President.*—So you will be able to use some of them.

*Mr. Maniar.*—Yes, but they are in very small quantities.

*Dr. Matthai.*—What proportion of the area have you planted? Have you planted the whole area?

*Mr. Maniar.*—Not yet.

*Dr. Matthai.*—How many of these 125 acres have you planted?

*Mr. Maniar.*—We have planted about half the area, that is about 60 acres.

*Dr. Matthai.*—Per acre, how many trees have you planted?

*Mr. Maniar.*—The average number of trees varies from 200 to 300 per acre. If we plant more, some don't grow up. Also there are insects which devour the young shoots which consequently perish.

*President.*—To attain 3 feet girth, it takes about 15 years.

*Mr. Maniar.*—About 20 years.

*President.*—A tree will yield how much?

*Mr. Maniar.*—16 cwt. to 1 ton.

*President.*—Supposing you plant 125 acres and supposing you have 20 years rotation, then you get about 6 acres a year.

*Mr. Maniar.*—Yes.

*President.*—Six acres a year would give you how many trees?

*Mr. Maniar.*—2,000 trees.

*President.*—That is equal to 2,000 tons, is it not?

*Mr. Maniar.*—Yes.

*President.*—Would that be sufficient for your requirements?

*Mr. Maniar.*—Partially.

*President.*—What are your total requirements now?

*Mr. Maniar.*—80,000 maunds at present.

*President.*—How many tons does that come to?

*Mr. Maniar.*—It comes to about 1,700 tons.

*President.*—That will be just about your requirements.

*Mr. Maniar.*—Yes, our present requirements will be about that.

*Dr. Matthai.*—If you produce 1,200 gross a day, that will be your full capacity and if you take 13 c. ft., per fifty gross, then your total requirements would be met with 2,000 tons a year, taking a ton as being equal to 50 c. ft.

*Mr. Maniar.*—That will be just enough, according to your calculation. I may however say that we take ton by weight which if taken by measurement will come to about 32 c. ft. against 50 c. ft. assumed by you.

*Mr. Mathias.*—Have you had any experience in extraction? Do you actually extract the trees from the forest yourself?

*Mr. Maniar.*—Yes.

*Mr. Mathias.*—After the tree has been cut down, do you get shoots from the stumps?

*Mr. Maniar.*—Yes.

*Mr. Mathias.*—Are these shoots of any use to you?

*Mr. Maniar.*—Yes, they become quite fit for another cutting. They grow rapidly.

*Mr. Mathias.*—To what size do these shoots grow?

*Mr. Maniar.*—They grow to their original height about 30 to 40 feet in 15 years. They grow rapidly again.

*President.*—Do they always grow?

*Mr. Maniar.*—Always.

*Mr. Mathias.*—You would not have to replant after cutting?

*Mr. Maniar.*—No.

*President.*—Have you kept any account of the expenditure incurred on account of your plantation?

*Mr. Maniar.*—Every year we mention in our balance sheet the amount spent in the year.

*President.*—Have you got those accounts?

*Mr. Maniar.*—As a matter of fact we have spent a very large amount on experiments.

*Dr. Matthai.*—If you take the sixty acres which you have planted, how much has the actual formation cost you per acre?

*Mr. Maniar.*—Do you mean till now?

*Dr. Matthai.*—What I want to know is the actual expenditure under the following headings, viz., clearing, land, getting it ready for plantation, planting seedlings, and so on.

*Mr. Maniar.*—Every year we have incurred on an average about Rs. 1,500 to Rs. 2,000 and we have been working the plantation for the last 25 years. The actual expenditure would come to about Rs. 38,000.

*President.*—Shahwadi is your plantation.

*Mr. Maniar.*—Yes.

*President.*—Here only Rs. 281 is shewn.

*Mr. Maniar.*—That is the value of the huts.

*President.*—Is that your average expenditure per year?

*Mr. Maniar.*—The average expenditure will come to about Rs. 1,500. We have spent more in some years.

*President.*—That is only on plantation.

*Mr. Maniar.*—Yes.

*President.*—You have done no extraction.

*Mr. Maniar.*—No.

*President.*—Why have you not tried extraction?

*Mr. Maniar.*—Because the larger the girth of timber the better for us, as there will be less wastage. Further there are very few large trees.

*Mr. Mathias.*—Have you had experience of using 3 feet girth logs?

*Mr. Maniar.*—Yes, we use such kinds from the Government forests.

*Mr. Mathias.*—Is simul of 3 feet girth suitable for veneer?

*Mr. Maniar.*—The wastage is more as compared with logs of bigger timber.

*Mr. Mathias.*—But the actual veneer which is turned out is as good as the veneer which is turned out from a tree of bigger girth.

*Mr. Maniar.*—Yes.

*Mr. Mathias.*—It is not too expensive.

*Mr. Maniar.*—No.

*President.*—What is the girth you require?

*Mr. Maniar.*—The minimum will be 3 feet.

*President.*—But then what is the girth which you ordinarily use?

*Mr. Maniar.*—3 feet to 5 feet.

*Mr. Matthias.*—What would be the economic girth?

*Mr. Maniar.*—5 to 6 feet.

*President.*—Those trees will take much longer to attain the height of 5 to 6 feet.

*Mr. Maniar.*—Yes.

*President.*—How many years?

*Mr. Maniar.*—25 to 30 years.

*Dr. Matthai.*—From your experience so far how much has it cost you to plant an acre?

*Mr. Maniar.*—I can send you a statement later on.

*Dr. Matthai.*—I want the cost of preparing the land and the cost of planting.

*Mr. Maniar.*—Do you want the information under separate headings?

*Dr. Matthai.*—Yes.

*Mr. Maniar.*—I won't be able to get figures from old records, as our plantation began from 1902. But I can give you a statement of the total expense incurred.

*President.*—Yes, and also the expenditure to be incurred before you start extracting.

*Mr. Maniar.*—Yes. But we have not started any extraction yet.

*Dr. Matthai.*—First, there is the cost of clearing the land; then there is the cost of plantation and lastly there is the cost of supervising it.

*Mr. Maniar.*—Separate figures will not be available.

*President.*—Give us your actual total expenditure and also the expenditure that you anticipate till the trees are ready for extraction.

*Mr. Maniar.*—Yes. But the point is that the plot which we have selected for plantation is not suitable for match trees. It is a sandy place.

*President.*—If you have not kept the accounts you will have to calculate. The cost I take it will begin to diminish as you go on.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—You give us your actual expenditure so far and the number of trees planted and the number of trees per acre.

*Mr. Maniar.*—They are in thousands. Some may be very small and some big. I can only give you the number of big trees per acre if you like.

*Dr. Matthai.*—Supposing we went on the basis of 200 trees per acre, that would be a correct estimate.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—You give us then the actual number of acres planted and the actual expenditure each year.

*Mr. Maniar.*—Yes.

*President.*—The only thing to do is to get the 25 years' cost, capitalise it and then go on calculating from the 25th year onwards.

*Mr. Maniar.*—Yes.

*President.*—You must have made an estimate of what the wood is going to cost you. What do you think you would be able to get your wood at the factory at?

*Mr. Maniar.*—We have not counted that because there are very few trees suitable for extraction.



*Mr. Mathias.*—Before you actually went in for plantation, you must have made some estimate as to what the total cost would be.

*Mr. Maniar.*—At that time Government used to cut and throw away these trees and the policy was very harmful to the growth of the match industry. It was in that light to ensure continuous supply at our door that we undertook the plantation.

*Mr. Mathias.*—You must have estimated your cost.

*Mr. Maniar.*—We have not counted as yet because the original expectations have been falsified, the land being unsuitable.

*Mr. Mathias.*—Why is that?

*Mr. Maniar.*—It is a sandy soil.

*Mr. Mathias.*—If the land is not suitable, do you think that your experiment would prove successful?

*Mr. Maniar.*—Not fully, but only partially.

*Mr. Mathias.*—It takes longer for the trees to grow than you expected.

*Mr. Maniar.*—We cannot hope to get the same number of trees as we originally expected and the rate of growth may also not be good.

*Mr. Mathias.*—What about the quality?

*Mr. Maniar.*—The quality may be the same, but the trees may not be of the same girth as we expected. They may grow straight but the growth may not be big.

*Dr. Matthai.*—You don't think that it is a suitable soil for bombax?

*Mr. Maniar.*—It is not.

*President.*—You mean that the site chosen for your plantation is not suitable.

*Mr. Maniar.*—Yes.

*President.*—Then, it is a mistake.

*Mr. Maniar.*—Yes. As we have already invested so much money on it, we want to make the best of it.

*President.*—If the soil is not suitable, is it a good investment?

*Mr. Maniar.*—We shall be able to get a certain number of trees after ten years.

*President.*—After another ten years?

*Mr. Maniar.*—Yes. Looking to the present market price which we have to pay for our wood, it will not be altogether bad.

#### *Market price of timber. Freight, etc.*

*President.*—What is the market price?

*Mr. Maniar.*—It varies. Last year we paid Rs. 34 per 100 maunds delivered at the railway station near the forest.

*President.*—100 maunds is roughly equal to 2 tons.

*Mr. Maniar.*—It will be something less.

*President.*—It will be about 1½ tons.

*Mr. Maniar.*—Yes.

*President.*—That is Rs. 34. How much does it cost to take it to your factory?

*Mr. Maniar.*—About Rs. 10 to Rs. 12 and then there is three rupees to be spent on unloading, etc.

*President.*—It will be about Rs. 50 on the whole for 100 maunds.

*Mr. Maniar.*—Yes. But now the prices are going up day by day.

*President.*—That is equal to 8 annas per maund.

*Mr. Maniar.*—That was our cost price last year.

*President.*—From 54 maunds which will be a ton by weight, how many c. ft. will you get?

*Mr. Maniar.*—It depends on the quality of wood. As regards simul, it will be 35 to 36 c. ft. One cubic foot is equal to about  $1\frac{1}{4}$  maunds, and 36 c. ft. will be about 54 maunds.

*Mr. Mathias.*—This would mean that 50 c. ft. would cost you Rs. 38.

*Mr. Maniar.*—Yes.

*President.*—You have no very great advantage over people who use Indian wood. They pay Rs. 40 to Rs. 50 a ton.

*Mr. Maniar.*—We are only in an advantageous position, because we are near the Panch Mahals.

*President.*—What is the average cost?

*Mr. Maniar.*—It is Rs. 38.

*Dr. Matthai.*—You have got a railway concession from the Panch Mahals?

*Mr. Maniar.*—We have got a concession from Government as regards forests.

*Dr. Matthai.*—Do you mean royalty?

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—You explain that that concession does not amount to anything.

*Mr. Maniar.*—That matter is settled.

*Dr. Matthai.*—In what way?

*Mr. Maniar.*—In our favour. Government do not insist on our removing the debris.

*Dr. Matthai.*—At present you are only paying 6 annas per cartload in the Panch Mahal forests.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—The royalty you pay for the Dangs area is lower.

*Mr. Maniar.*—Yes, but as a matter of fact the extraction charges are very heavy.

*Dr. Matthai.*—They are much heavier in the Dangs area.

*Mr. Maniar.*—Yes. In the Panch Mahals one cartload means a cartload drawn by four bullocks whereas in the Dangs it is a load drawn by two bullocks.

*Dr. Matthai.*—In what proportion did you draw your supplies from these two areas?

*Mr. Maniar.*—Two years ago we used to get our entire supplies from the Panch Mahals.

*Dr. Matthai.*—Now that you are getting the bulk of your supplies from the other area, your cost has gone up.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—By how much has it gone up?

*Mr. Maniar.*—About Rs. 4 to Rs. 5 per 50 gross.

*Dr. Matthai.*—Have you got your figures for wood for 1926?

*Mr. Maniar.*—I can send you the information later.

*Dr. Matthai.*—What exactly is the figure?

*Mr. Maniar.*—I have put down Rs. 10-8-0 per case of 50 gross.

*Dr. Matthai.*—It will be Rs. 21 per case of 100 gross.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—In 1925 it was Rs. 14 per 100 gross.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—It has gone up by Rs. 7.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—That is mainly the result of getting your supplies from the Dangs area.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—There is no difference in the quality of simul as between these two areas.

*Mr. Maniar.*—The quality from the Dangs is better. These forests were not exploited before.

#### *Chemicals—Quantities and Cost.*

*President.*—In answer to question 26, you give some chemicals, but I don't see any paraffin. Don't you use any paraffin wax?

*Mr. Maniar.*—We do use.

*President.*—Do you call it by some other name?

*Mr. Maniar.*—No, it has been omitted.

*Mr. Mathias.*—What is Colcothar?

*Mr. Maniar.*—It is something like oxide of iron. Its correct name is Caput Mortuum.

*President.*—Can you give us the quantities of each of these chemicals used in say 100 gross?

*Mr. Maniar.*—I will send it to you later.

*President.*—You will give it in lbs.

*Mr. Maniar.*—Yes.

*President.*—These prices that you have given, are they present-day prices?

*Mr. Maniar.*—No, there has been some decline in certain cases.

*President.*—Those were 1926 prices, were they?

*Mr. Maniar.*—Yes.

#### *Works Costs.*

*President.*—You have not given us your costs for 1926.

*Mr. Maniar.*—I shall send our costs for 1926 later.

*President.*—You will have to send us your costs for 1927 also.

*Mr. Maniar.*—Yes.

*President.*—Could you tell us roughly what your total costs for 1926 would be?

*Mr. Maniar.*—I would like to give you that information later on.

*President.*—We won't be able to treat them as confidential afterwards.

*Mr. Maniar.*—If the Swedish Match Company give you their costs for publication, we have no objection to your publishing ours. We do not want our figures to be published before the Swedish Match Company tender their evidence.

*President.*—You manufacture your matches mainly by machinery.

*Mr. Maniar.*—Yes, except as regards filling and packing.

*President.*—Has this been your practice all through?

*Mr. Maniar.*—We had filling machines before but now they are out of order.

*President.*—When did you discontinue using them?

*Mr. Maniar.*—We discontinued them in 1922.

*President.*—Do you find machine filling cheaper than hand filling?

*Mr. Maniar.*—Decidedly.

*President.*—What difference does it make in the cost of 100 gross?

*Mr. Maniar.*—We will be able to save something like a rupee.

*President.*—One rupee per 100 gross is not much.

*Dr. Matthai.*—That is 2 pies per gross.

*Mr. Maniar.*—Yes, or say one pice per gross will be the saving if the filling is done by machine.

*President.*—You employ 250 people. Of these how many are employed on filling the boxes? Are they included in this number of 250.

*Mr. Maniar.*—Females are included in that.

*President.*—Are they used for filling the boxes?

*Mr. Maniar.*—Yes.

*President.*—If you have machines, you will reduce the number of women?

*Mr. Maniar.*—Yes, gradually.

*Dr. Matthai.*—By the way, do you get your paraffin locally?

*Mr. Maniar.*—Yes.

#### *Boiling of wood.*

*President.*—Do you boil all your wood?

*Mr. Maniar.*—We only boil the wood which is hard.

*President.*—When we visited your works, you were boiling your wood?

*Mr. Maniar.*—There were only a few pieces which were very hard.

*President.*—Ordinarily you don't boil.

*Mr. Maniar.*—No.

#### *Selling price.*

*President.*—Now as regards your selling price we want to know a little more than you have told us. You say that your selling price for safety matches varied from Rs. 1-11-0 to Rs. 1-4-0 from 1921 to 1926. What we want is your average selling price for each year from 1922 to 1927 for  $\frac{3}{4}$  size?

*Mr. Maniar.*—I can let you have that information later.

#### *Capital.*

*President.*—As regards your capital, approximately we can take it as one lakh.

*Mr. Maniar.*—Yes.

*President.*—But you have estimated the value of your plant and machinery as Rs. 1,45,000.

*Mr. Maniar.*—Yes.

*President.*—That is after writing down the depreciation, is it not?

*Mr. Maniar.*—No, that is the book value.

*President.*—How much have you got it in depreciation?

*Mr. Maniar.*—Rs. 95,040.

*President.*—In the reserves you have got about Rs. 90,000.

*Mr. Maniar.*—More than that, because we have got some fund to the credit of the building depreciation account which is about Rs. 44,320.

*President.*—This Rs. 95,040 is for the machinery.

*Mr. Maniar.*—Yes.

*President.*—You have Rs. 44,320 for building depreciation.

*Mr. Maniar.*—Yes, and there is another Rs. 10,000 standing to the credit of the dividend equalisation fund. There is also another Rs. 90,000 standing to the credit of the contingent fund.

*President.*—What is that for?

*Mr. Maniar.*—For some unforeseen expenditure.

*President.*—You have unclaimed dividends.

*Mr. Maniar.*—Yes to the extent of Rs. 11,000.

*President.*—So that practically you have written down the value of all your plant and machinery and buildings.

*Mr. Maniar.*—Not yet because the machinery is worth Rs. 1,50,000, out of which we have only written off Rs. 95,000.

*President.*—Your buildings were worth Rs. 67,000.

*Mr. Maniar.*—Yes, out of which we have written off Rs. 44,000.

*President.*—At least two thirds have been written off.

*Mr. Maniar.*—Yes.

#### *Agent's Commission.*

*President.*—Then, you have got under the head Agents Commission Rs. 7,777. On what basis is this calculated?

*Mr. Maniar.*—The agent gets his commission both on sales as well as on manufacture. He gets 11 pies per gross on manufacture and 4 pies on sale proceeds.

*President.*—What is his bonus of Rs. 8,200?

*Mr. Maniar.*—What he gets on production is his bonus.

*President.*—What is this Rs. 7,777?

*Mr. Maniar.*—That is his commission paid on sales.

*President.*—The two together come to Rs. 16,048.

*Mr. Maniar.*—Yes. This amount was reduced by Rs. 500 as the agent gave up this amount for giving a higher rate of dividend to the shareholders. Instead of Rs. 16,000 and odd, it ought to be Rs. 15,500 odd.

*President.*—What was your total profit for the year?

*Mr. Maniar.*—Rs. 19,668 before providing for depreciation. To this has to be added Rs. 500 as the agent gave this sum out of his commission. This was the total profit before providing for depreciation. Rs. 7,500 is provided for depreciation on account of building and machinery, leaving a sum of Rs. 12,668.

*President.*—That was distributed.

*Mr. Maniar.*—No. We distributed only Rs. 35 per share. That was about Rs. 13,630. Out of this, dividend on three forfeited shares will have to be deducted.

*President.*—The agent's commission and bonus amount to a good deal more than the total return on the capital.

*Mr. Maniar.*—That was how the matter stood last year.

*President.*—Rs. 15,548 on a production of 3,028 cases gives about Rs. 5 or a little over.

*Mr. Maniar.*—It will be Rs. 5-2-0 per 50 gross or Re. 0-1-7½ per gross.

*President.*—The shareholders get about 14 per cent.

*Mr. Maniar.*—Yes.

*President.*—They get Re. 0-1-6 per gross.

*Mr. Maniar.*—Yes, that will be something less than the commission given to the agent.

*Dr. Matthai.*—You don't incur any other selling expense apart from the commission you give to your managing agent.

*Mr. Maniar.*—No.

*Dr. Matthai.*—What are these assets that you speak of in answer to question 62 (e)?

*Mr. Maniar.*—We mean the value of stores and finished matches as well as the amount lying in the Bank.

*Dr. Matthai.*—Leaving out the money in the Bank, the stores and stock, how much do they amount to?

*Mr. Maniar.*—It is about Rs. 60,000.

*President.*—You have got Rs. 10,800 Bank over draft.

*Mr. Maniar.*—We have got our own money at the Bank.

*Dr. Matthai.*—That is your cash in the Bank.

*Mr. Maniar.*—Yes.

*President.*—I suppose you use your depreciation and other funds as your working capital.

*Mr. Maniar.*—Yes.

*President.*—What outstandings have you got? The Rs. 20,000 you show here—that is goods sold on credit, is it not?

*Mr. Maniar.*—We don't sell goods generally on credit. While closing our accounts, we don't realise all the money due to us against receipts sent by V. P. P. as well as through banks.

*President.*—That is a very short credit.

*Mr. Maniar.*—When we sell, we get some advance along with the order and the balance is realised by V. P. P. or the Bank.

#### *Working Capital.*

*President.*—What is the working capital that you require?

*Mr. Maniar.*—The value of the stores, wood and stocks of finished matches plus wages to be paid to workmen.

*Mr. Mathias.*—Those things come to Rs. 60,000.

*Mr. Maniar.*—Yes, partially.

*Dr. Matthai.*—Later on you ask for a working capital of 1 lakh.

*Mr. Maniar.*—In that we have taken into account what we may have to hold greater stocks of raw materials to turn out higher output Rs. 60,000 is the value of the raw materials.

*Dr. Matthai.*—That would include the stock of unsold goods.

*Mr. Maniar.*—That is very small—Rs. 29,000. We have not taken into account the question of wood because we don't take into account the stocks of wood long unused.

*Dr. Matthai.*—That is not included.

*Mr. Maniar.*—No. Fresh cuttings commence in November. In the year we have to stock wood valued at Rs. 40,000 to Rs. 50,000.

*President.*—It is all used up as the year advances.

*Mr. Maniar.*—Yes.

*Mr. Mathias.*—What is the average outstanding for the whole year?

*Mr. Maniar.*—About one lakh.

*Mr. Mathias.*—For wood?

*Mr. Maniar.*—Rs. 40,000 to Rs. 50,000.

*Mr. Mathias.*—That is the average—sometimes more and sometimes less.

*Mr. Maniar.*—It has not exceeded Rs. 50,000 up till now.

*Mr. Mathias.*—At the end of the year, it is nothing.

*Mr. Maniar.*—Yes.

*Mr. Mathias.*—Therefore the average for the whole year must be considerably below Rs. 40,000 to Rs. 50,000.

*Mr. Maniar.*—I don't follow.

*Mr. Mathias.*—You say that the value of the wood in stock in November does not exceed Rs. 50,000.

*Mr. Maniar.*—We have to use this amount by and by. We don't use it all at once. As the year advances, we consume it.

*Mr. Mathias.*—Then, you get back your money.

*Mr. Maniar.*—Yes, in the shape of finished matches which we sell.

*Mr. Mathias.*—That is to say, you pay Rs. 40,000 at the commencement of the year and at the end of the year there are no outstandings at all.

Therefore the average outstanding on account of wood will be perhaps Rs. 25,000.

*Mr. Maniar.*—During the season we have to spend a very large amount.

*Mr. Mathias.*—That is only an outstanding for a very short time. Therefore if you take the average for the whole year, it will be not more than Rs. 25,000. At the end of the year, you have no stock.

*Mr. Maniar.*—No stock at the end of the year—that is true. But what about the matches which are left unsold?

*Mr. Mathias.*—That is included in stores. What I say is that your expenditure on account of wood would be about two thousand rupees only per month.

*Mr. Maniar.*—Yes, per month.

#### *Depreciation rates.*

*Dr. Matthai.*—Do you consider  $6\frac{1}{2}$  per cent. a satisfactory rate for depreciation?

*Mr. Maniar.*—We don't consider it unsatisfactory.

*Dr. Matthai.*—That is to say you consider the life of a match machine as sixteen years.

*Mr. Maniar.*—That is what our experience has hitherto been—say 15 to 20 years.

*President.*—At what rate do you depreciate your machinery?

*Mr. Maniar.*—In the Articles of Association it is provided that we should write off 4 per cent. on machinery depreciation and 2 per cent. on building depreciation but this amount can be increased according to the wish of the board of directors.

*President.*—What is the average?

*Mr. Maniar.*—In the last four years they have taken Rs. 10,000 to Rs. 15,000 for depreciation; that comes to 10 to 12 per cent. When we are not making big profits we are not able to provide for depreciation even at 4 per cent.

*President.*—You have got a fairly good amount in the depreciation fund.

*Mr. Maniar.*—About Rs. 90,000. But most of the machines are old. We are working those machines which we ordered out some 20 years back.

*President.*—You have got a very good use out of them. You have also laid aside Rs. 90,000.

*Mr. Maniar.*—Still some money is left to be provided.

*President.*—You consider that not adequate?

*Mr. Maniar.*—If we were to sell off this plant, we would not realise that figure.

*President.*—You have monies taken away. You have a dividend equalisation fund.

*Mr. Maniar.*—We have some amount standing to the credit of the depreciation fund.

*President.*—Supposing you were to reconstruct your plant and say if you were short of the amount required by about Rs. 50,000, you could take it out of the contingent account and replace your plant.

*Mr. Maniar.*—Yes.

*President.*—Would you do it or not under the Articles of Association.

*Mr. Maniar.*—Yes, we could do so.

*President.*—Anyhow if you take the contingent fund account and the depreciation fund account together you have set aside more than sufficient to replace the whole of your plant.

*Mr. Maniar.*—Now the cost will be higher than what we have incurred.

*President.*—That of course is a different matter. So far as your own

plant is concerned you have set aside more than sufficient to replace it at that value.

*Mr. Maniar.*—Yes, at that value.

*President.*—If you are to place the plant of the same capacity what do you estimate it would cost you?

*Mr. Maniar.*—Not less than Rs. 2 lakhs for machinery.

*President.*—To manufacture 1,200 gross a day.

*Mr. Maniar.*—1,200 to 1,500 gross. Now the machines are made of greater capacity.

*President.*—Including the filling machines?

*Mr. Maniar.*—Yes.

*President.*—What about the buildings?

*Mr. Maniar.*—Some modifications may have to be made. If we now go in for a new machine we will go in for the Simplex Continuous machine.

*President.*—Have you any experience of it?

*Mr. Maniar.*—As a matter of fact there are two match factories which have installed this—one at Lahore and the other at Bareilly. The plant at the latter place is working very satisfactorily. I should strongly advise you to visit that factory if you want to have an idea.

*President.*—The Ambarnath people have not got any Simplex machinery.

*Mr. Maniar.*—No. Mr. Haji Dawood Adamji of Rangoon has also got it.

*President.*—That would do away with the filling machines.

*Mr. Maniar.*—We would require filling machines. But frame filling, dipping, drying and other processes are carried on by the Simplex. If we do these with the help of the Simplex machine, the number of operators can be considerably reduced.

*President.*—The only question is whether the Indian wood is suitable for use in the Simplex machine.

*Mr. Maniar.*—It has already been decided that the Indian wood is suitable because the two factories I mentioned are using Indian wood extensively.

*President.*—Have you been to see them?

*Mr. Maniar.*—We saw the Bareilly Match Factory and found the machine quite suitable.

*President.*—How long have they been working it?

*Mr. Maniar.*—For the last six to eight months. They have got a packeting machine also.

*Dr. Matthai.*—What wood do they use?

*Mr. Maniar.*—They use simul to a certain extent. They have also got other species there.

*Dr. Matthai.*—What is the principal wood they use?

*Mr. Maniar.*—Near Bareilly they have the Naini Tal forests.

*President.*—You propose that the same duty of Rs. 1-8-0 per gross should be retained.

*Mr. Maniar.*—Yes.

#### *Government Revenue.*

*President.*—Then, what is your proposal as regards the Government revenue, supposing Government want this revenue?

*Mr. Maniar.*—My proposal is this that Government should tax the import of foreign wood.

*President.*—That would not give them any big revenue.

*Mr. Maniar.*—That will give them a fairly big amount.

*President.*—What rate of duty do you suggest?

*Mr. Maniar.*—Rs. 2 per c. ft.



*President.*—Supposing we did that and they all used Indian wood, then where would the revenue come from?

*Mr. Maniar.*—Government will get it in the shape of royalty.

*President.*—How much could Government get?

*Mr. Maniar.*—As a matter of fact, I may tell you that we are getting wood paying a royalty of four to eight annas. We will have to pay royalty of four to five rupees per cart load as the demand of Indian wood increases.

*President.*—Supposing 200,000 tons was used all over the country, Government could take five to ten rupees per ton at the most.

*Mr. Maniar.*—Are you talking of the consumption?

*President.*—Yes.

*Mr. Maniar.*—During the year 1925-26, four lakhs worth of aspen wood was imported.

*President.*—At present it just pays them to use aspen. If you put a very high duty of say Rs. 2 per c. ft. they would naturally use all Indian wood. In that case what revenue will Government get?

*Mr. Maniar.*—The import will continue.

*President.*—Why?

*Mr. Maniar.*—Because there are people who still want white splints and because matches manufactured out of aspen are as good as foreign matches.

*President.*—If you put up the price of foreign wood, they will at once begin to use Indian wood.

*Mr. Maniar.*—Out of one cubic foot, they will be able to make 10 gross of matches. If you raise the duty by Rs. 2, the incidence will be 3½ annas per gross, and the person now selling at Rs. 1-3-0 to Rs. 1-5-0 will be selling at Rs. 1-8-0 to Rs. 1-10-0.

*Dr. Matthai.*—On your estimate what revenue will Government be able to get from the Bombay Presidency?

*Mr. Maniar.*—Not less than 5 to 7 lakhs.

*Dr. Matthai.*—They won't get anything from Burma because there they entirely use Indian wood. In Calcutta it is mostly Indian wood.

*Mr. Maniar.*—In Calcutta there are match factories which are importing aspen wood.

*Dr. Matthai.*—In the main, they are using Indian wood.

*Mr. Maniar.*—Only to a very small extent.

*President.*—To a very large extent?

*Mr. Maniar.*—The Swedish factory there uses imported aspen. The Mitsu Bhusan Kaisha people use aspen.

*President.*—Supposing the Indian industry gets protection and as a result more Indian wood is used, there is no revenue from taxation.

*Mr. Maniar.*—Government will be getting revenue in a number of ways. For instance, there will be more revenue in the shape of railway freight.

*President.*—We are not concerned with any indirect increase in Government revenue.

*Dr. Matthai.*—The royalty will go to the Government of Bombay and the Government of India will get nothing.

*President.*—We are now concerned with the Government of India revenues.

*Mr. Maniar.*—Government should tap some other source if they want this revenue.

*President.*—Supposing Government wanted to tax this industry—each industry must pull its own weight—in that case Government will say “our revenue is going down; there is no import of matches and there is no import of aspen; the only thing remaining is chemicals”.

*Mr. Maniar.*—These chemicals are also used for other purposes.

*President.*—Therefore Government do not know what they are going to get from chemicals which are used in the Match Industry. When Government levied the duty of Rs. 1-8-0, they expected to get a revenue of say Rs. 2 crores. Supposing Government say "we want this two crores; find a way", what are we to do?

*Mr. Maniar.*—The industry cannot bear it.

*President.*—The industry will have to bear it. They expect the consumer to bear that anyhow.

*Mr. Maniar.*—The result will be that factories will be started in Indian States.

*President.*—They will be started there in any case.

*Mr. Maniar.*—Then Government will not get that revenue because one third of the population is in the Indian States. Then, there is bound to be smuggling from the Indian States.

*President.*—Government will have to take measures to check smuggling.

*Dr. Matthai.*—You don't suggest that every Native State is going to start manufacture.

*Mr. Maniar.*—No.

*President.*—We will assume that Government can look after its affairs and stop this smuggling. Government will then say that the Indian States are entitled to manufacture their own matches and give up their revenue. They cannot prevent that. The remainder of the Match Industry which supplies the British India is expected to bear its own share. One of the ways in which it can do is by levying an excise duty. Supposing we retain the difference of Rs. 1-8-0 between foreign and Indian prices, then Government may say "we levy an excise duty of 11 annas or one rupee and increase the import duty by the same amount". Would you have any objection to that?

*Mr. Maniar.*—This match industry is carried on as a cottage industry also. Some of the processes may be done in a factory and the rest in cottages.

*President.*—We assume that they also have to pay. Everybody has to pay the duty. Leave alone what may happen. That is Government business. Is there any other way except that?

*Mr. Maniar.*—There is no other way.

*President.*—Do you think that your industry would be prejudiced if the import duty went up by the same amount as the excise duty?

*Mr. Maniar.*—It will be.

*President.*—How?

*Mr. Maniar.*—Because we have to take into account the retail price at which matches will be sold. At present the retail price of the Swedish match box is 4½ pies for half size. If you add one rupee to the present wholesale price of Rs. 2-3-0, it will be Rs. 3-3-0. Then, these matches will be sold at the same price as 4½ pies.

*Dr. Matthai.*—Do you mean per box?

*Mr. Maniar.*—Yes. There the Indian industry will be hard hit because it will not be able to sell its products at one pice.

*Mr. Mathias.*—We have received information that the retail sale by box is very small.

*Mr. Maniar.*—No, it is considerable.

*Mr. Mathias.*—It might be about 25 per cent. of the total.

*Mr. Maniar.*—If you collect the figures from biriwalas, you will find that those who are smokers—the majority of the people are smokers—generally buy a box per day.

*Dr. Matthai.*—One of the most experienced dealers in Bombay told us that 25 per cent. of the matches sold in Bombay were sold by the box.

*Mr. Maniar.*—I think he is mistaken. Detailed enquiries should be made in regard to this question.

*Dr. Matthai.*—What is your experience in Ahmedabad?

*Mr. Maniar.*—My experience is that 50 per cent. are sold in lots of one or two boxes.

*Mr. Mathias.*—We were told that 3 boxes were sold for half an anna.

*Mr. Maniar.*—Where?

*Mr. Mathias.*—Here in Bombay.

*Mr. Maniar.*—That is impossible.

*Mr. Mathias.*—Why?

*Mr. Maniar.*—The price here varies from Rs. 1-3-0 to Rs. 1-5-0.

*Mr. Mathias.*—Some matches are sold at 2 annas a dozen.

*Mr. Maniar.*—You cannot get 3 boxes for two pice.

*Mr. Mathias.*—One of the old established firms told us.

*Mr. Maniar.*—I would advise you to make an independent enquiry and ascertain how the facts stand.

#### *Retail selling.*

*Dr. Matthai.*—Have you practical experience of retail sale?

*Mr. Maniar.*—As a matter of fact, we don't sell in retail. We only made that experiment once or twice.

*Dr. Matthai.*—What kind of experiment?

*Mr. Maniar.*—We called in hawkers and arranged to sell our products in quantities of one dozen or even less just to capture the home market.

*Dr. Matthai.*—It was in Ahmedabad.

*Mr. Maniar.*—Yes. Each hawker could not however sell more than one gross per day of our matches.

*Dr. Matthai.*—When your hawkers sold those matches, they sold mainly by the box.

*Mr. Maniar.*—Yes, also in dozens and half dozens but not by gross.

*Mr. Mathias.*—Did they make the majority of their sales by the box?

*Mr. Maniar.*—No, two or three boxes at one time.

*Mr. Mathias.*—That is rather a different matter.

*Mr. Maniar.*—The smokers always buy a box at a time.

*President.*—They pay a pice for the Indian match.

*Mr. Maniar.*—Yes.

*President.*—For the foreign match?

*Mr. Maniar.*—In Ahmedabad they have to pay 4 pies.

*President.*—That is 3 for one anna.

*Mr. Maniar.*—Yes. They can get a dozen for 13 pice.

*President.*—How much do you get for a dozen?

*Mr. Maniar.*—In Ahmedabad our matches can be had for 7 pice.

*President.*—You don't sell it by the dozen?

*Mr. Maniar.*—We made this experiment last year and we came to the conclusion that unless there was a material difference in the retail price per box, it was very difficult to make any headway.

*President.*—What difference do you suggest?

*Mr. Maniar.*—At least 1½ pies per box.

*President.*—Supposing that difference is maintained when we calculate the excise duty?

*Mr. Maniar.*—The Indian industry will be able to stand the competition.

*President.*—Their matches have to be sold at 2 pice per box and yours at 4 or 4½ pies.

*Mr. Maniar.*—Then, we will be able to withstand their competition. But it is very essential that the difference should be retained.

*President.*—4½ pies per box will be Rs. 3-6-0 a gross.

*Mr. Maniar.*—Yes. My point is that even if foreign matches cost Rs. 3-4-0 after paying the duty, it will be possible for the retailers to sell at 4½ pies per box.

*President.*—How can it be?

*Mr. Maniar.*—The retailer is able to sell those boxes in very large quantities and it is very difficult for him to sell one gross of Indian matches as against 3 gross of imported matches.

*President.*—Are you talking of the ¾ size?

*Mr. Maniar.*—I am now talking of the ½ size. At present the majority of the people use half size.

*President.*—They sell at Rs. 2-2-0.

*Mr. Maniar.*—They sell at Rs. 2-3-0 in our market.

*President.*—Supposing we put on an excise duty of 12 annas and increased the import duty by 12 annas, that would make it Rs. 2-15-0, and you suggest that at Rs. 2-15-0 they would still be able to sell at the same price as now.

*Mr. Maniar.*—Yes.

*President.*—Just now obviously somebody is pocketing 12 annas a gross.

*Mr. Maniar.*—Undoubtedly.

*President.*—Who does it?

*Mr. Maniar.*—The retailer himself. If you look into the figures you will find that when the duty was raised to Rs. 1-8-0, there was not a rise in the price of matches to the extent of the duty because the retailer gave a considerable portion of it.

*Mr. Mathias.*—Under the proposal made by the President, the retailer will no longer be able to obtain the same profit.

*Mr. Maniar.*—He will be able to pocket a smaller amount.

*Mr. Mathias.*—Therefore he would not be inclined to push the sale of Swedish matches.

*Mr. Maniar.*—With a less margin of profit, he will look to the volume of business to make up.

*Mr. Mathias.*—Why should he? As he will get a smaller commission on Swedish matches will he not give up the sale of Swedish matches?

*Mr. Maniar.*—It ultimately pays him.

*Mr. Mathias.*—Even on a smaller profit?

*Mr. Maniar.*—Yes.

*Mr. Mathias.*—Why?

*Mr. Maniar.*—Because he will be able to sell a bigger quantity. He cannot sell Indian matches even to the extent of one third of the imported matches. So strong is the prejudice against local matches.

*Mr. Mathias.*—The trade figures don't show that.

*Mr. Maniar.*—Facts will prove the correctness of my contention.

*Mr. Mathias.*—There cannot be stronger facts than trade figures.

*Dr. Matthai.*—Supposing as a result of the excise duty the retail price of Indian matches is raised per box and the present retail price of the Swedish imported matches remains the same, in that case a narrow difference between the two would increase the demand for Swedish matches. Therefore the retailer would be able to get a larger turnover and a smaller rate of profit per unit might pay him?

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—I am inclined to think that you are exaggerating the proportion in which single boxes are sold by the retailer.

*Mr. Maniar.*—No, you make independent enquiries for yourself. I tell this from my own personal experience and I am prepared to prove the correctness of my statement.

*Dr. Matthai.*—How?

*Mr. Maniar.*—From the merchants themselves.

*Dr. Matthai.*—What merchants?

*Mr. Maniar.*—Any merchants dealing in imported matches.

*Mr. Mathias.*—Would you be prepared to accept the opinion of the largest match traders in Bombay?

*Mr. Maniar.*—I would not accept that opinion as final.

*President.*—It is very difficult really to ascertain with any degree of accuracy what proportion the sale of retail matches bears to the wholesale.

*Mr. Maniar.*—I don't follow.

*President.*—We cannot say with any certainty what quantity of matches is sold retail at so much per box and what quantity is sold by the dozen.

*Mr. Maniar.*—My point is this. In case you decide to levy an excise duty, you should calculate it in such a way that the retailer may not be able to sell foreign matches at the same price; that is to say if the margin is less than 2 annas per gross, the retailer will not be able to sell foreign matches at the same price.

*President.*—Do you mean the margin per gross?

*Mr. Maniar.*—Yes. The retail price of the Swedish match is 1½ pice per box which comes to Rs. 3-6-0 per gross. If you put an excise duty, then the price of matches which is now Rs. 2-3-0 per gross will go up to Rs. 3-3-0 per gross. It is possible, in that case, the retailer may go in for imported matches. But if the difference between the wholesale price and the retail price is only one anna, then the retailer won't be able to sell at the same price but will have to sell at 5 pice or half an anna per box.

*President.*—Take a concrete case. It is now Rs. 2-3-0. Supposing an excise duty of one rupee was put on, it would come to Rs. 3-3-0. That would leave a margin of three annas.

*Mr. Maniar.*—Yes, plus the cost of the case which will be not less than two rupees.

*President.*—Rs. 2 for 100 gross?

*Mr. Maniar.*—For 50 gross.

*President.*—Out of this margin of three annas, the commission agent has to be paid.

*Mr. Maniar.*—The commission agent will be quite content with one anna.

*President.*—Then, there is the retailer; there is the freight from Bombay to the distributing centre.

*Mr. Maniar.*—It will be only as far as the Bombay Presidency is concerned. There are other ports also.

*President.*—I am talking of the Bombay Presidency. This margin of three annas does not seem to be a very big margin. Just now he is getting Rs. 1-3-0. You cut down the margin to three annas and still you say that it is a big margin. Do you think that the retailer will do the same amount of business in imported matches?

*Mr. Maniar.*—Yes; only the difference between the wholesale price and the retail price will not be so great. The demand will spring up with this small margin.

*President.*—Have you got your 1926-27 costs?

*Mr. Maniar.*—This is our present cost for 50 gross.

*President.*—What is your total cost for 50 gross?

*Mr. Maniar.*—Rs. 56-4-0 or Rs. 1-2-0 per gross.

*President.*—That is a reduction of one anna.

*Mr. Maniar.*—Yes.

*President.*—What is the reduction due to?

*Mr. Maniar.*—The figures given in reply to question 75 include those matches, the price of which is considerably higher. Those are not for safety matches only. Those are average costs both of safety and of pyrotechnic matches. The latter are sold at a very high price as compared with safety.

*President.*—What is the proportion?

*Mr. Maniar.*—We produce about one fifth Bengal lights and the rest safety. Last year we sold pyrotechnic matches at Rs. 1-12-0 to Rs. 2, and safety at about Rs. 1-3-0.

*Method of ascertaining costs.*

*President.*—How do you determine the cost?

*Mr. Maniar.*—From the balance sheet. We gave you the number of cases turned out each year. We took the expenses incurred under separate heads from the balance sheets and divided the total by the quantity.

*President.*—That is not here.

*Mr. Maniar.*—This was how it was calculated.

*Dr. Matthai.*—You took the total output of all the sizes and kinds and then your total expenditure under each of these main headings and divided the total expenditure by the output.

*Mr. Maniar.*—Yes.

*Dr. Matthai.*—This is the average cost of Bengal lights and safety.

*Mr. Maniar.*—Yes.

*President.*—In calculating the cost, what reduction do you want us to make to arrive at the cost of safety matches?

*Mr. Maniar.*—I will give you the figures.

*President.*—Is there any question of protection as regards Bengal lights?

*Mr. Maniar.*—No.

*President.*—Then, please give us the costs for safety matches only.

*Mr. Maniar.*—Yes. It is Rs. 1-2-0 per gross.

*President.*—It is Rs. 1-3-0 here.

*Mr. Maniar.*—That is the average cost.

*President.*—Do you mean to say that there is really no reduction at all?

*Mr. Maniar.*—It is due to the fact that we are not able to turn out a bigger output. Further prices are going up. Our cost of wood has gone up by 100 per cent.

*President.*—As compared with 1925 has your cost of wood gone up?

*Mr. Maniar.*—Yes.

*President.*—By how much?

*Mr. Maniar.*—Rs. 10-8-0 per case of 50 gross as compared with Rs. 7 in 1925.

*President.*—That is Re. 0-3-4 per gross.

*Mr. Maniar.*—Yes.

*President.*—The cost of paper has also increased.

*Mr. Maniar.*—No; that is because the cost of paper for the Bengal matches is also included in it.

*President.*—Please give us correct figures for safety matches. I think it will be better if you can send us a statement of your costs in the form in which we wanted you to give us in the questionnaire.

*Mr. Maniar.*—Shall I send you a statement only for 1927?

*President.*—Can you give us for 1925, 1926 and 1927?

*Mr. Maniar.*—It will be difficult to sort out the chemicals used.

*President.*—Then give us for 1927 only for safety matches.

*Mr. Maniar.*—Yes.

*Mr. Mathias.*—The high costs given here are due to the fact that Bengal lights are included in the costs sheet.

*Mr. Maniar.*—Yes.

*President.*—Does it include your depreciation charges and everything?

*Mr. Maniar.*—Yes.

*President.*—Under what item have you included depreciation?

*Mr. Maniar.*—Under current repairs, maintenance, etc.

*President.*—Does it include interest on working capital?

*Mr. Maniar.*—No.

*President.*—What about head office expenses and agents' commission?

*Mr. Maniar.*—They have been included.

*President.*—What are the items excluded?

*Mr. Maniar.*—Only interest on capital invested.

*President.*—That is to say, working capital as well as fixed capital?

*Mr. Maniar.*—Yes.

*President.*—Everything else is included.

*Mr. Maniar.*—Yes.

*President.*—We would like you to give us your costs in our form; otherwise the costs are not comparable.

*Mr. Maniar.*—Yes. We will send it within a week.



सत्यमेव जयते

## The Deccan Match Manufacturing Co., Ltd.

(In Voluntary Liquidation.)

*Letter No. 24, dated the 7th November 1927.*

With reference to your letter No. 851 of 3rd November 1927, I have the honour to state that the Match Factory has gone in voluntary liquidation since 27th September 1927. The information required is herewith supplied in tabular form from the materials that I have with me now.

### THE STATEMENT.

*As per Tariff Board letter No. 851, dated 3rd November 1927.*

- (1) The amount of capital invested in the Factory.—Rs. 1,33,830-0-0.
- (2) The match-making capacity of the Factory.—50,000 boxes each containing 60 safety matches per day of 10 hours.
- (3) The production of the Factory in each of the last eight years.—The Factory was working at intervals since 25th October 1921 and stopped its business in May 1926; the then managers are now removed from office, hence the statistics required is not available.

### Huseini Match Factory, Surat.

*Copy of letter dated 9th November 1927, from the President, Indian Match Manufacturers' Association, Bombay, to the Secretary, Tariff Board.*

I have received the following information from the undernoted factory owners:—

- (1) Huseini Match Factory (Begumpura), Surat—
  - (A) The amount of capital invested is Rs. 2 lakhs.
  - (B) The daily output is from 12 to 15 cases of 100 gross each.
  - (C) Factory commenced working from March 1924 and since then about 9,339 cases (of 100 gross each) turned out.

### Belgaum Match Manufacturing Company, Limited, Belgaum, Bombay.

*Letter, dated 14th November 1927.*

I beg to acknowledge your communication No. 851, and in reply to supply information as following:—

1. The amount of shareholders' capital and the borrowed loans invested in the factory is nearly Rs. 70,000.
2. The present match-making capacity of the factory is nearly 50 gross of  $\frac{1}{4}$  size per day.
3. The factory was closed during the war time for want of chemicals, paper, etc. The business of match-making was re-started from 1923. The factory during 1923, 1924, 1925 and 1926 did not produce more than 4,000 gross per year. The Managing Agent, Mr. B. Khatav died in March 1927. I was put in charge of the factory from April 1927. The factory was practically closed for 4 months for repairing the machines. At present I am not able to produce more than 30 gross per day, as the Company has to work under loss on account of dumping prices set up by the factories established in India with foreign capital.



**Ahmedabad Sultan Match Factory, Ahmedabad.***(1) Letter, dated the 23rd November 1927.*

I have the honour to acknowledge the receipt of your letter No. 851.

I am sending the statement of my factory for which kindly acknowledge receipt and shall thank highly if the Board will do needful for my business.

The Amount of capital invested in the Factory.	Daily capacity of factory in gross boxes of 1927.	Production of the factory in each of the last five years.	
		Year.	Production in gross boxes.
About Rs. 1,00,000 . . .	About 200 gross . . .	1922	22,702
		1923	31,382
		1924	36,513
		1925	67,166
		1926	59,502

*(2) Letter, dated 26th February 1928.*

We beg to acknowledge the receipt of your No. 218, dated 22nd instant, and sending details as under :—

- (1) Recent daily production :—100 (one hundred) gross safety matches per day.
- (2) Present costs :—Rs. 1-2-0 per gross.
- (3) 1926 costs :—Rs. 1-8-0 per gross.
- (4) Block value :—Rs. 75,000.
- (5) Working capital :—Rs. 25,000.